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Bloomberg Businessweek

Young, Educated, Jobless

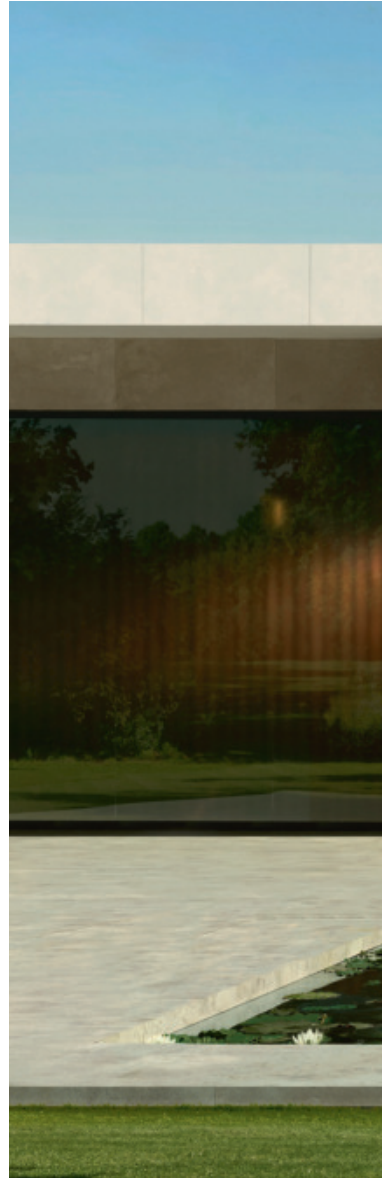
The fight over a shrinking supply of entry-level work





Cartier

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RANGE ROVER





PHOTOGRAPH BY ARIANA GOMEZ FOR BLOOMBERG BUSINESSWEEK

Martin County Sheriff Randy Cozart says he gets weekly calls about robberies at West Texas oil fields ▷ 16

THE FUTURE OF NEW YORK

Jeff Blau
Chief Executive Officer
Related Companies

Hudson Yards was once a no-man's-land in New York City—home to the West Side Railyards, with 30 active tracks and little foot traffic. Real estate development firm Related Companies led the transformation of the area, building mixed-income residential, retail, office and hotel space to create a new center of commerce and a thriving community.

Now, Related is embarking on the next phase of Hudson Yards—the largest private real estate development in US history—which will include up to 4,000 new housing units, with at least 625 designated as affordable apartments.

“Related was founded in New York City,” says Jeff T. Blau, CEO of Related Companies. “This is our home.

We care deeply about the city. We are very active in the affordable housing community as developers of new affordable housing and preservationists of existing affordable housing. We have to keep New York affordable.”

For over 20 years, Related has partnered with Wells Fargo to realize its visions, including Hudson Yards, and affordable housing initiatives at the Fulton and Elliott-Chelsea Houses in Manhattan and Willets Point in Queens.

“Together we are changing the skyline, the city and the lives of the people who live in these communities,” says Kara McShane, Head of Commercial Real Estate at Wells Fargo.

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Contributors

- **Richard E. Feinberg**, a distinguished fellow at Florida International University and a former senior director on the National Security Council, is writing a political memoir, *The Boy Who Spoke Up*. ▷ 33
- A former managing director at an energy-focused private equity firm, **Gary Sernovitz** has written four books, including an exploration of the shale revolution. ▷ 26
- Bloomberg News work and management reporter **Jo Constantz** found that the highest total career coaching bill cited by parents for their college-age kids was \$120,000. ▷ 39
- Endless Shrimp isn't the only bottomless offering that's caused trouble for Red Lobster, say Bloomberg News' **Eliza Ronalds-Hannon** and **Anders Melin**. In 2003 the chain introduced an all-you-can-eat crab promotion, which eroded its profit margin. The deal was canceled, and the CEO was replaced. ▷ 56
- It was a great challenge for freelance photographer **Camilla Rutherford** to give the awe-inspiring vistas of New Zealand the proper scale for our piece about heli-hiking. "I absolutely love telling stories of people in natural landscapes." ▷ 77

Cover



Photographs by Evan Sheehan and Alex Wallbaum for *Bloomberg Businessweek*; production by Breakfast for Dinner. The pair assigned each graduate a personality to guide their performance, as the grads interacted and slowly ramped up to full-on battling.

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Remarks

A Healthy Economy Needs Entry-Level Jobs

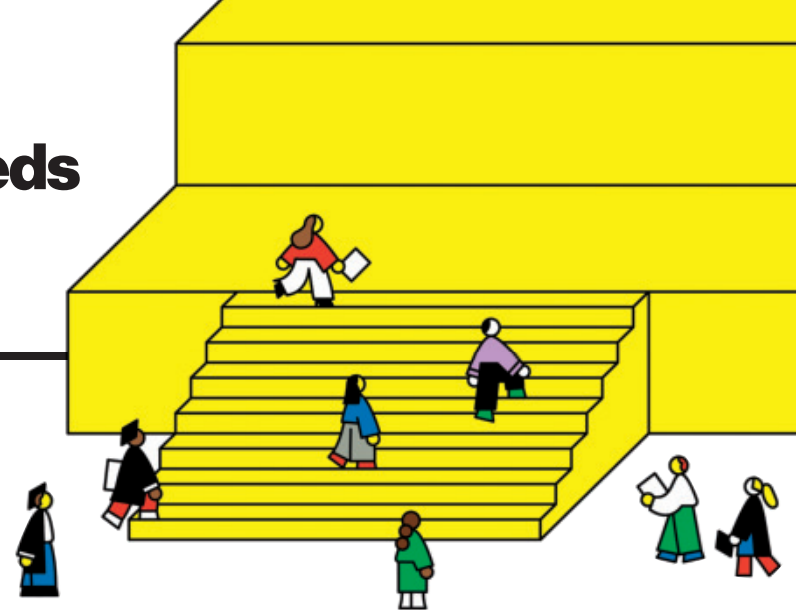
● By Brad Stone

The 5 million or so young people looking to enter the labor market in the early 1990s got a brutal reception. I was one of them, and I remember rejection letters to my job applications raining into my college dorm mailbox. “The prospect of a position becoming available is dim,” read an unusually blunt response on official letterhead from *Time* magazine. (I still have it.) The recession of those years, triggered in part by the savings and loan crisis of the late ’80s and the spike in energy prices due to the Gulf War in 1990-91, sent youth unemployment skyrocketing to 13.4%, according to data from the Federal Reserve Bank of St. Louis. Economists dubbed the subsequent period “the jobless recovery.”

Although companies today respond to candidates digitally rather than with the occasionally rude form letter—if they respond at all—the conditions for first-time job seekers then and now are similar. The unemployment rate for college graduates age 22 to 27 rose to 5.6% at the end of last year; it was 4.1% at the end of 2022. “The labor market is generally softening, and new entrants are always the first place you see it,” says Jesse Rothstein, a professor of public policy and economics at the University of California at Berkeley.

This should worry not just the class of 2026 and their concerned parents but really everyone. The availability of entry-level jobs for young people plays a significant role in their career growth and in the long-term health of the economy. A scarcity of opportunity deprives future workers of important experience and the economy of consumers paid well enough to stimulate demand. As the stories in the May issue of *Bloomberg Businessweek* show, the job market is gloomy for young people, and no one is quite sure what’s going to happen with the biggest bogeyman: artificial intelligence, which could allow companies to surgically remove the proverbial bottom rung of the corporate ladder.

Economists have a word for the damaging effects of a labor market that’s unwelcoming to young people: scarring. Till von Wachter, a professor of economics at the University of California at Los Angeles, studied the cohort of Americans who entered the labor market during the steep recession of the early 1980s and found those unlucky job seekers not only had lower earnings for at least the first 10 years of their career but also higher rates of divorce, fewer children, poorer health and higher mortality from lung, liver and heart disease. “First jobs are a steppingstone for



people as they climb into better jobs over the course of their careers,” von Wachter says. “There’s growing evidence that if people aren’t able to get their foot on the ladder, because there aren’t many jobs available when they graduate, their economic conditions are altered for a long period of time.”

There’s not a ton of research yet on AI’s impact on the labor market. Many observers fear that it’s likeliest to eliminate the kind of entry-level jobs that prepare workers for a long, productive career—a more permanent version of the high youth unemployment evident during cyclical recessions. Last August the Stanford Institute for Economic Policy Research examined payroll data and found a 13% relative decline in employment in “AI-exposed” occupations such as software developers. Workers age 22 to 25 experienced a 6% decline in employment from late 2022 to July 2025, while “employment for older workers continues to grow,” the researchers wrote. Other labor economists, including the Massachusetts Institute of Technology’s David Autor, say that AI will augment the capabilities and judgment of young workers instead of replacing them and that technology has historically created new jobs even as it makes others obsolete.

Governments have long recognized that unemployed young people risk turning into disaffected and less productive workers down the line. Denmark, Germany and Switzerland have joined forces with employers to fund apprenticeship programs

in health care, social services, construction trades and other occupations. In the US, taxpayers subsidize medical school education and residency programs. In China, the government funds vocational schools and subsidizes entry-level jobs in manufacturing hubs and high-tech zones.

A federal AI-era apprenticeship program could reinforce the bottom rung of the ladder, giving workers experience in their chosen field that they can then take to any potential employer. Young people should never be deprived of that formative first job—or fond memories of their first rejection letters. **B**

A Tougher Job Market for the Young

US unemployment rates

● Recent college graduates (age 22-27)

● All workers

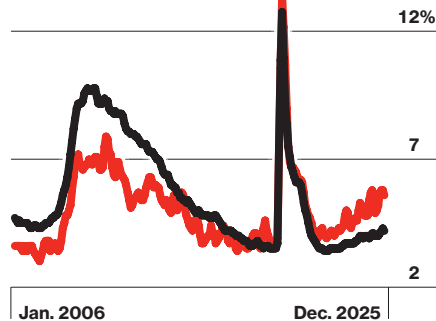


ILLUSTRATION BY ROSE WONG ■ DATA: US CENSUS BUREAU AND US BUREAU OF LABOR STATISTICS, COMPILED BY FEDERAL RESERVE BANK OF NEW YORK SEASONALLY ADJUSTED THREE-MONTH MOVING AVERAGE



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The World Can't Afford A Recession

● By Jorgelina do Rosario,
Shawn Donnan and Enda Curran

For decades, global economic crises have prompted the world to band together. During the Great Recession, central banks rode to the rescue with massive monetary stimulus as international leaders drew up a coordinated response. A dozen years later, pandemic-era governments built on those 2007-08 lessons, adding unprecedented fiscal spending to the mix.

Today, though, as central bankers and heads of state contemplate the potential fallout from the Iran war and the biggest energy crunch in half a century—or whatever cross-continental crisis comes next—it looks increasingly unlikely there'll be another spurt of unified action. The spirit of cooperation is no longer there, and even if it were, there are major questions as to whether countries could even afford it. After years of responding to economic shock after economic shock, we've been left woefully unprepared to deal with another one.

"This is the worst place we've been in 20 years," or probably "longer than that," for communal capacity to combat a widespread downturn, says Harvard Kennedy School economist Carmen Reinhart, who's made a career out of studying global crises.

Although markets breathed a collective sigh of relief after the US and Iran agreed to a temporary ceasefire and Tehran pledged to reopen the Strait of Hormuz, a crucial energy shipping channel, it's too early to know if a truce ►

■ ILLUSTRATION BY SARAITA CHUENGSAITANSUP



◀ will hold. Even if this conflict does ultimately end, it has made painfully clear just how vulnerable the world is to the next crisis.

The multiweek closure of the Strait of Hormuz triggered the worst energy disruption in generations, with skyrocketing fuel costs hitting economies in Asia and beyond and disrupting supply chains in critical fossil fuel by-products such as fertilizer, helium and plastics—the full impact of which will painfully ripple through. Economists for the most part see higher inflation and slower growth ahead. A record \$348 trillion global debt mountain—including public and corporate borrowing—looms over everything.

“Had we not had this war, we were on the way to upgrading our growth projections for 2026. And now, given the impact of the war, we are going to downgrade them,” says Kristalina Georgieva, the International Monetary Fund’s managing director. “We are in a more uncertain, more shock-prone world.” Bloomberg Economics says global growth will slow

to 2.9% in 2026, down from 3.4% last year. What had earlier this year looked like remarkable endurance has turned into a reminder of how swiftly geopolitics can rewrite the economic script.

We don’t know yet if this war will deliver a monumental global slump. Less debatable, though, is the fraught economic context in which it’s all taking place, mostly because of a four-letter word: debt.

To address the 2020 pandemic and the recession that resulted, governments turned to bond markets in lockstep to finance a massive response. Weaker countries had to restructure their debt and relied on multilateral lenders like the IMF because they couldn’t tap markets. In the years since, almost everyone’s debt pile has continued to grow.

Now government finances are stressed in major economies such as the UK and Japan as well as in emerging ones like Pakistan and Kenya. According to the United Nations, 3.4 billion people today live in developing countries that

spend more servicing debt than funding health or education. Corporate borrowers also loaded up on credit to survive the pandemic as well as to fund more recent expenses like the AI data center boom, both from traditional lenders like Wall Street and from sometimes shakier private lenders.

“You can’t keep issuing debt every time there’s some downturn if—in the interim periods when things are good—you don’t run surpluses and reduce some of that debt,” says Maurice Obstfeld, a former IMF chief economist.

The failure to rebalance is a function of politics. Since the US-Israeli attack against Iran began, some governments responded by spending more on fuel subsidies to contain the fallout and keep domestic prices down; others can’t afford to, leaving consumers to pay more.

Ironically, the US—which, with Israel, initiated the conflict—won’t be hit as hard as other nations, says Simon Johnson, the winner of the 2024 Nobel Prize in economics and another former IMF chief



Plumes of smoke rise over Tehran in March

IRAN: ATTA KEMARBE/AFP/GETTY IMAGES; BEIRHART; PHOTOGRAPH BY LUCY LI FOR BLOOMBERG BUSINESSWEEK
DATA: INSTITUTE OF INTERNATIONAL FINANCE GLOBAL DEBT MONITOR



Reinhart

economist. “The rest of the world may have more problems, mostly because it’s harder for them to finance government deficits than it is for us,” he says.

In past crises, governments have pulled together to turn things around, often with the US coordinating among the Group of 20. That’s how the US led the joint response to the 2000s global financial crisis and, more recently and with a narrower group of countries, Russia’s invasion of Ukraine. There are legitimate questions about whether an increasingly fractured world could mount such a coordinated response today and whether the US would still have the will or authority to lead it.

For one, “the Trump administration has openly undercut the G-20 and the notion of multilateralism, as well as routinely fought with our allies,” says Jay Shambaugh, the US Treasury’s top international economic diplomat from 2023 to 2025. Second, the Iran war’s potential economic fallout “is something we triggered with our own action. That makes it even harder for us to lead on the solutions.” On top of that, President Donald Trump’s tariffs, increased defense spending by several big economies, and major powers including the US and UK pulling back on foreign aid are all adding to the feeling of fragmentation.

Washington’s abdication of its leadership isn’t just a factor for the G-20, whose rotating presidency is held by the US this year. America is also the largest shareholder at the IMF and the World Bank, which were both created in the wake of World War II to prevent

and respond to crises. Even before the Iran war, IMF economists cautioned that a mix of reduced government resources and low growth weakened the global ability to protect countries in an increasingly volatile world.

To be sure, the fund still has plenty of firepower: It had \$164 billion in outstanding loans to members as of April 3, out of a total lending capacity of \$1 trillion. But critics worry that it has been sidelined in recent years and has lost its ability to foresee vulnerabilities. (An IMF spokesperson disputed that characterization: “Our surveillance is rigorous, tailored and highly valued by our members.”)

Given the emerging leadership vacuum, some see an opportunity for China, which has in recent years stepped in to offer loans and currency swaps. The People’s Bank of China has signed more than 80 contracts with other central banks since 2020, according to a report by Boston University’s Global Development Policy Center. But Harvard’s Reinhart, who also studies Chinese lending to the developing world, argues that a Beijing dealing with its own lingering property crisis and other domestic problems can’t help like it once did, shifting the onus back again to arguably weakened institutions like the IMF and World Bank.

Central banks have been instrumental in pulling the world out of past downturns, most recently flooding their economies with support at the start of Covid-19. “They were heroes during the global financial crisis. They were heroes

during the pandemic,” Reinhart says. “I don’t think they can be heroes now.”

The energy price shock in particular presents an acute challenge for central bankers, including at the Federal Reserve: Do they raise interest rates to contain inflation or lower them to protect jobs? Boosting rates also increases the cost of servicing debt and further eats away the fiscal capacity to respond to a crisis. In the US alone, where total US government debt held by the public is forecast to reach \$32 trillion this year, annual interest payments are on track to exceed \$1 trillion.

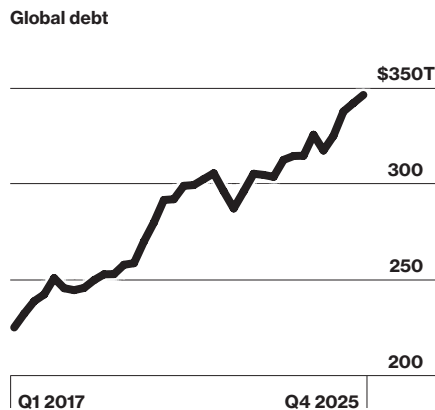
Trump’s nominee to replace Fed Chair Jerome Powell, Kevin Warsh, has previously pushed back against interventions, including following the 2008 recession, when he was a member of the Fed’s policy-setting committee. But experts say he might not argue against acting during an emergency where the Fed’s balance sheet would play a major role in calming financial markets. “Kevin Warsh will get religion real fast,” says Robin Brooks, a senior fellow at the Brookings Institution. “There are no atheists in foxholes.”

So what happens if the threat of a crisis turns into an actual one? In an emergency, financial markets may give governments the room they need to intervene by increasing spending as they did during the pandemic. But investors are going to want that spending to be more targeted than in the past, says Nathan Sheets, global chief economist at Citigroup Inc. and a senior Treasury official during the Obama administration. Some investors might lend only if governments agree to embrace austerity once the crisis eases, risking stifling growth; others will demand a higher return than in previous cycles, thereby raising again the cost of servicing all that future debt.

Either scenario could leave the world even worse prepared than it is now in the event of yet another crisis. And if one thing’s a given, it’s that this crisis won’t be the last.

“I don’t know what will come after this war,” says the IMF’s Georgieva. “I just know that these shocks will keep coming.” **B** — *With Claire Jiao*

Borrowing Reaches New Heights



Why Elon's Internet Isn't in South Africa

● By Rivaldo Jantjies

Global telecommunication companies operating in South Africa do so through partnerships with local businesses that are partly owned by Black citizens. That's to comply with equality rules the country instituted after the end of apartheid. SpaceX has spent the past year trying to get those rules changed.

The company, which is seeking to offer its Starlink satellite internet service in South Africa, has been lobbying policymakers on the country's Broad-Based Black Economic Empowerment (B-BBEE) rules, which require communications businesses to maintain at least 30% local Black ownership. Elon Musk has described the regulations as "openly racist," taking his complaints to his social media platform, X: "Starlink is not allowed to operate in South Africa, because I'm not black." This has made him a target of fury among people in his birth country, but it also appears to be working.

In December, Solly Malatsi, the minister of communications and digital technologies, issued a policy directive to the industry regulator, instructing it to alter the rules, possibly paving the way for Starlink to operate in the country without ceding ownership. The announcement by Malatsi, a member of South Africa's pro-free-market Democratic Alliance, divided the two main parties that form the government's coalition. Deputy Minister Mondli Gungubele—from the country's biggest party, the center-left African National Congress—told broadcaster eNCA he opposes the directive, saying the minister is attempting to amend the law without following a legislative process.

South Africa began implementing policies to encourage Black business ownership in the early 1990s after apartheid, an era in which Black people were subjugated and largely excluded from the economy. B-BBEE was

introduced in 2003, a signature policy of Thabo Mbeki, who succeeded Nelson Mandela as president.

Over the years, regulators of most industries have conceded on the ownership requirement, instead allowing international companies to participate in so-called equity-equivalent programs, which typically involve pledges to invest in local communities. In 2019, for instance, in lieu of forming partnerships with locally owned automotive companies, BMW, Ford and Toyota established a fund to bring disenfranchised groups into the country's auto sector.

The telecom regulator, meanwhile, took a hard line on ownership in 2021, a response to public perception that Black people were being cut out of wealth opportunities in that industry. Today only mining and telecom companies are bound by the 30% mandate. "It's not about Starlink," Malatsi says. "It's about the principle of our laws being consistent in all sectors of the economy."

But it's hard to separate Musk from the debate. Born in the nation's administrative capital, Pretoria, Musk left for North America when he was 17, during political upheaval as the apartheid regime was nearing its end. Recently he's spread an unfounded claim about a "genocide" against White people in South Africa, and President Donald Trump has promoted the message. The US offered expedited refugee status to White Afrikaners, making the false claim they'd already had their land seized. "Terrible things are happening in South Africa," Trump said last year.

AfriForum, an Afrikaner rights group led by Kallie Kriel, has lobbied US politicians about the victimization of White farmers. It went to the White House to advocate against expropriation laws in South Africa and to highlight murders on farmland, though the group hasn't claimed a White genocide. Kriel now says that South Africa needs Starlink and that the ruling ANC party is depriving citizens of the service. "The ANC's own interest is always the priority," he says in his office in a predominantly White town near Pretoria

that used to be named after the architect of apartheid.

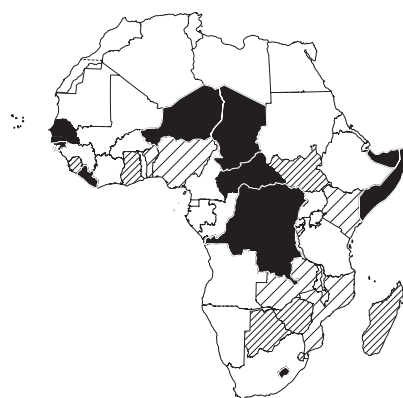
Starlink is the largest satellite constellation in orbit. Its promise of global high-speed internet coverage is expected to be a central part of SpaceX's pitch for an initial public offering, planned for as soon as June.

SpaceX offers internet service in about two dozen countries in Africa and continues to push hard, directly and through allies, for entry into South Africa. Johann Rupert, the South African billionaire owner of luxury goods conglomerate Compagnie Financière Richemont SA, accompanied President Cyril Ramaphosa

Starlink's Growth in Africa

Year service began

▣ 2023 ▨ 2024 ■ 2025-26



on a state visit to the White House a year ago, declaring in a meeting with Trump and Musk, "We need Starlink."

SpaceX declined to comment. The Texas-based company has pledged an investment of 500 million rand (\$30 million) toward rural schools, aiming to supply as many as 5,000 with free, high-speed internet, serving more than 2.4 million students each year.

Malatsi first floated the idea of changing the rule shortly after the president's trip to Washington, saying his department received 15,000 substantive comments from the public. The telecommunications regulator, the Independent Communications Authority of South Africa, said the matter is under review, without setting a deadline for a decision. A change to the rules would allow any ▶



Musk



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◀ telecom to invest in infrastructure, digital-inclusion initiatives or research that benefits previously disadvantaged communities as a substitute for the 30% ownership requirement.

But the government remains sharply divided. The parliamentary committee that oversees South Africa's Department of Communications and Digital Technologies called the minister's directive unlawful. Khusela Diko, chairwoman of the committee, says the local ownership law isn't that unusual when you consider the US's recent demand on Chinese-owned TikTok. Malatsi "thinks he found a loophole," she says.

Diko also expressed skepticism of the claim that SpaceX will invest in disadvantaged communities: "I would say that's absolute bulls---." **B**

Texas Oil Heists Are Booming

● By Ella Feldman

The Martin County Sheriff's Office sits along Interstate 20 in West Texas, a stretch of dusty plains and sunbaked highways that could almost be the setting for a *Mad Max* movie. It's sparse—oil wells outnumber people—but that doesn't mean it's quiet for Sheriff Randy Cozart. At least once a week, someone calls to say their oil field has been robbed: trailers missing, copper wire yanked and, most of all, crude stolen. In total, some 500 barrels' worth of oil goes missing in Martin County every week, Cozart estimates. At last year's average of \$65 a barrel, that's an annual loss of roughly \$1.7 million. At war-heightened prices, it would be far more.

A similar scene is playing out in dozens of other counties across the Permian Basin of West Texas and New Mexico, the world's most prolific shale oil patch. Law enforcement officials, legislators, trade groups and energy producers say people are stealing more crude than ever, often laundering it into local supply chains or driving it to Mexico to offload it. "Where

there's money, there's crime," says Cozart, who, like many in the region, once worked in the oil industry himself. "And there's lots of money in oil right now."

More than 40% of oil executives surveyed by the Federal Reserve Bank of Dallas this past fall said their operations had been affected by theft during the previous year. Several dozen petroleum-product arrests are now made annually, up from perhaps a single arrest per year a decade ago, Texas Department of Public Safety records show.

Some estimate annual oil theft in Texas at around \$1 billion. Ed Longanecker, president of the Texas Independent Producers & Royalty Owners Association, an industry advocacy group based in Austin, calculates it's more than double that—and that \$2 billion figure doesn't cover thefts in the New Mexico portion of the Permian, a smaller but rapidly expanding corner of the basin. As the situation worsens, state lawmakers, regulators and even the FBI have taken notice.

"The old joke in the oil field used to be that if it wasn't bolted down, it would get stolen," says Michael Lozano, who runs government affairs and communications for the Permian Basin Petroleum Association. "Now they're unscrewing the bolts, and they're stealing those too."

Opportunistic equipment thefts have long dogged oil fields, which are often located in remote areas and left unmanned for weeks on end. But in recent years, crude theft has become more sophisticated and frequent, according to producers, sheriffs and local officials. Many perpetrators here are more brazen than those who stealthily tap pipelines, a tactic that's hurt producers in Mexico and Russia (though some pipeline tapping also happens in the US). Today's Permian Basin thieves might instead connect vacuum trucks to storage tanks in broad daylight and siphon out the oil, sometimes covering their license plates or swapping vehicles to evade law enforcement, authorities say. In one popular ploy, they pose as waste haulers, which companies hire to remove toxic water from the tanks, then make off with the crude.

Skilled perpetrators can often hide in plain sight, syncing up their hits with an

oil field's busiest hours. That way they can blend in with the parade of trucks that are authorized to pick up oil. "We've got oil probably every quarter mile," says Lieutenant Richard Dickson, who works in the sheriff's office in Texas' Ector County. He says calls about industry theft come in almost daily, though he estimates the department solves only about 2%. "It's more than law enforcement or oilfield security people can keep up with."

Experts say there's no single reason why it's getting worse. For one, the Permian is pumping more oil and gas than ever before. (Natural gas, another basin product, isn't a common theft target because, well, it's a gas.) Over the past decade, the region more than tripled its oil output thanks to the expansion of fracking. The fracking boom has made a lot of people in the region very rich, but not everyone has gone along for the ride. Even those fortunate enough to collect a high oil-industry salary aren't guaranteed work forever: Over the past decade, the US oil and gas industry has lost roughly 40% of its jobs, due in part to efficiency gains like robots replacing humans on rigs. When jobs are hard to come by, oil-field theft is a way to make a quick buck. "From a cost-benefit analysis, the risk is low," says John Smietana, a senior lecturer in criminology and criminal justice at the University of Texas Permian Basin.

To dispose of the stolen oil, thieves sometimes work with saltwater disposal facilities, which legally sell crude recovered from wastewater, to launder stolen barrels into local supply chains, law enforcement says. Some thieves might even buy a depleted oil lease and pretend they've pumped the hijacked crude themselves. Smietana, who served in the US Border Patrol before his career in academia, says the stolen oil is also sometimes driven south of the border.

Last summer, Texas enacted laws to better understand and deter the crime. The state also created a task force to study theft under the Railroad Commission of Texas, the body that regulates the energy sector. It's required to deliver a report with legislative recommendations by December. Part of the mandate is to determine exactly how ▶

■ PHOTOGRAPHS BY ARIANA GOMEZ FOR BLOOMBERG BUSINESSWEEK



Clockwise from top: Sheriff Cozart; confiscated tools used in recent oil thefts; a difficult-to-lock oilfield bucket



◀ much money oil theft is costing the region, says Jim Wright, chairman of the Railroad Commission. “I’ve known theft has existed in the oil field, like anywhere else, but I was not aware of the magnitude until this last legislative session,” he says. “It’s shocking that it could possibly be at that magnitude.”

The cost is often borne by producers, because missing barrels aren’t typically covered by insurance, says Cole Harrison, owner of Fiesta Energy LLC, which took a \$15,000 loss last year when someone drained one of its tanks. “It’s hard to prove,” he says. “If a tank battery blew up, or something like that, that’s obviously much easier for them to see and quantify.”

The FBI, which formed a task force to fight mostly equipment thefts in Permian oil fields in 2008, refocused its efforts on rising crude theft about three years ago, says Supervisory Special Agent Briton Goad, who coordinates the FBI team that also includes state and local partners. In 2023 the federal agency began collecting data on the phenomenon, finding the number of barrels stolen was actually down in 2025 from the prior two years. Goad attributes that progress to the growing “counterpunch” of focused law enforcement, regulators and legislators. (Lower average prices in 2025 compared with those in recent years probably also helped, something that hasn’t continued into 2026.) He concedes that the agency’s data, which suggests the problem is much smaller than others say, has limitations: It relies on self-reporting and

doesn’t include many of the Permian’s smallest operators, “the ones that are actually impacted the most,” Goad says. “The data is only as good as the people putting it in,” he adds. “We don’t always know what we don’t know.” **B**

Chinese EVs Spark American Envy

● By Bloomberg Businessweek

Richard Benoit flew to Alaska a little more than a year ago to test-drive a slate of China’s newest electric vehicles, shipped onto US soil to dazzle online car influencers like him. Sitting in the driver’s seat of a sky-blue Chery iCar 03, Benoit marveled at the SUV’s roomy interior, widescreen digital display with built-in karaoke and jaw-dropping price tag: \$24,000. “Now I understand why they don’t want these to come to America,” he said in a video he posted on YouTube. “This is insane.”

Titled “I drove the cheap Chinese cars that are illegal in the USA. Now I know why,” the video has since racked up nearly 2 million views. Benoit says his US subscribers can’t get enough of the sleek, affordable vehicles from Chinese brands including BYD, Xiaomi and Zeekr that flood their social media feeds—yet aren’t for sale there. “The second I mention a Chinese car, the videos skyrocket,” he says, when reached by phone from his home in Massachusetts. “Americans want these cars—they just do.”

Although Chinese brands have made rapid inroads in scores of global markets, they’re virtually nonexistent on US roads, thanks to a wall of tariffs, national security rules and automotive regulations. That hasn’t kept them from breaking through online, where algorithms serve up automotive thirst traps on TikTok and other popular apps, hyping affordable EVs and hybrids with luxury features and state-of-the-art tech. “They’re playing the long game,” Benoit says of Chinese carmakers. The vehicles are at the US’s doorstep anyway: Mexico is a top importer of Chinese cars, and Canada

recently struck a deal with China to allow limited EV exports.

It’s unclear whether President Donald Trump is preparing to allow the EVs in, though his comments in January in Detroit that he’d welcome foreign auto investment, including from China, set many in the industry on edge. Before a meeting with Chinese President Xi Jinping planned for mid-May in Beijing, US auto lobby groups and senators from both parties have urged Trump not to backtrack on the decision to keep Chinese carmakers out.

Meanwhile, Zhejiang Geely Holding Group Co., which owns Zeekr, said at the CES trade show in Las Vegas in January that it was evaluating the US market, with a decision expected in the next 24 to 36 months. It’s the clearest indication yet from a Chinese automaker that all of North America is on its radar. (BYD Co. and Xiaomi Corp. both say they have no plans to enter the US car market.)

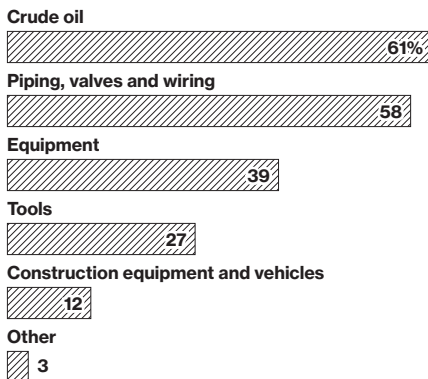
Whatever comes of Trump’s meeting with Xi, Chinese brands are already making headway with consumers. In an annual survey of US new-vehicle buyers this year, one-third said they’d consider purchasing a vehicle built in China, according to Alexander Edwards, president of research firm Strategic Vision. That’s up from 18% in 2021.

When Marques Brownlee, a New Jersey-based tech influencer with more than 20 million YouTube subscribers, posted his review of the Xiaomi SU7 in December, it got roughly 10 million views, generating \$1.2 million in unpaid brand exposure for the carmaker, according to analytics firm Sprout Social. Thanks in part to posts like his, Xiaomi’s TikTok following rose 20% in the last year, to 7.8 million users, half of whom are in the US, Sprout data show. After Brownlee’s video came out, China EV Marketplace, a Hong Kong-based e-commerce platform that exports Chinese EVs to 55 countries, saw a surge of US inquiries, Chief Executive Officer Jiri Opletal says. The company fielded more than 1,000 requests for price quotes from the US—none of which it could fulfill for everyday consumers.

In 2024, President Joe Biden imposed a 100% tariff on Chinese EVs and followed

Steal, Baby, Steal

Share of oil executives reporting theft in the past year who say the following items were taken



up with a ban on the import of cars with software and hardware made by US adversaries such as China in part because of concerns that the vehicles could be hacked or collect sensitive data about American infrastructure. Setting aside the hefty levies and typical shipping costs of as much as \$2,000 for a single vehicle, the biggest hurdle to importing a Chinese EV is regulatory, says Peter Kmieck, head broker at Kappa Customs Brokers in Miami. Imported cars have to comply with US safety and emissions standards, and unless they were engineered by the manufacturer to do so, they won't.

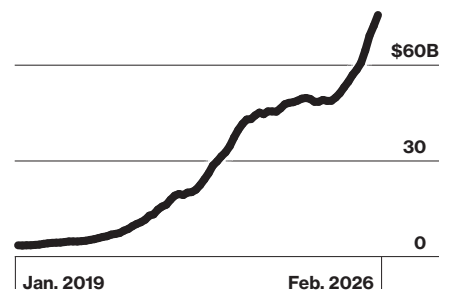
"Some people will see a car that sells for \$17,000 in China, and they think they can bring it over," he says, but that's not realistic, because making a car to US specs would be more costly. There are some loopholes: Dual residents, for instance, can bring their cars to the US

Alexandra Kozak was on TikTok when the algorithm introduced her to a 2023 BYD Seagull hatchback in a pinkish-white hue. With a list price of \$13,000, it featured a 10-inch rotating touchscreen, a wireless charger and Amazon Music, she says. The tech marketer from Charlotte, North Carolina, started researching how to buy the car, posting about her frustration upon learning it couldn't be done. "It's the affordability, too, that I was most annoyed with," says Kozak, 33, who drives a preowned red Toyota Camry she bought for \$26,000 during the pandemic. "I just don't think it's fair."

For many US influencers, their splashy Chinese EV posts wouldn't have been possible without a company called Beijing Dongchedi Technology Co., or DCar. A Chinese automotive content platform spun out of ByteDance in 2023, DCar has been courting American influencers

Growing Automotive Reach

Global value of EVs exported from China, 12-month rolling average



DCar said it purchased or rented all the models itself, with no participation from the carmakers, to maintain "objectivity and veracity."

After his Alaska trip, Benoit says, he was contacted by Zeekr directly to test-drive in California some of its inaccessible-to-America models. In the video he made of the Zeekr trip, Benoit praised the interior, handling and performance of the 001 FR, a luxurious electric sedan that competes with Tesla Inc.'s Model S Plaid. "The Chinese, they know how to build a sports car," Benoit says as he navigates a curvy, hilly road. Zeekr owner Geely says it likes working with US-based creators, even if they can't buy the cars themselves, because of their "massive global reach." Still, a spokesperson says, "while we love the positive reception from US reviewers, these collaborations are not a signal of an imminent US launch."

Forrest Jones, a top US auto influencer with 8.9 million TikTok followers, says he prefers working directly with the Chinese manufacturers so he can drive the cars for longer. He accepts travel and lodging from various automakers—a common practice for many car reviewers—but nothing else. Jones has gotten some of his highest engagement from posts about Chinese cars, which he says are like "a gold mine." He knows showcasing them in America is controversial but thinks competition is healthy for the industry. "Even if we don't get them here," he says, "I would like consumers to know what's out there and have that ammunition to demand more from the brands we do have access to." **B**
—With Gabrielle Coppola and Linda Lew



to drive for a limited time. But it's legally impossible to have a car insured and titled in the US if it doesn't meet Environmental Protection Agency and Department of Transportation standards, Kmieck says.

That's frustrating for Americans who've seen the average new-car price rise 26% since 2020, to nearly \$49,353 in February, according to Kelley Blue Book, compounded by higher interest rates and the climbing cost of insurance and maintenance. Used-car prices are up too.

to create content for its mobile app and showcase Chinese tech. Benoit's Alaska trip was funded by DCar, which he says presented him with a catalog of electric models and then paid to ship the cars to the US. DCar also paid for Benoit's travel, plus a fee that was equal to "the price of a cheap Chinese EV," he says. In exchange, DCar, which has 10 million daily active users in China, got a barrage of slickly produced influencer posts introducing it to a wider audience. Asked for comment,



Debby Soo got yelled at a lot by customers during her first two years running OpenTable. She made some changes, and restaurants are eating it up

■ PHOTOGRAPH BY ALANNA HALE FOR BLOOMBERG BUSINESSWEEK

When Debby Soo took the helm at OpenTable in August 2020, the world's oldest online reservation platform was hemorrhaging customers—and she knew the pandemic wasn't entirely to blame. The company was “resting on its laurels,” Soo says. “People called us a dinosaur.” Long before Covid-19 decimated the dining industry, OpenTable had been losing marquee restaurant groups to a rising cohort of competitors. And no wonder, she says: “Restaurants *hated* us.”

Although everyday diners might think of themselves as OpenTable's core customers, it's the restaurants that actually pay for its services, sometimes as much as \$6,000 a year. The company had been focusing too much on diners and too little on the needs of its real customers—in some cases forcing them to sign three-year contracts during the pandemic—and it had left a bitter taste.

In her first two years as chief executive officer, Soo crisscrossed the country to sit down with eatery owners and “just got yelled at, meeting after meeting,” she recalls. “It was like, ‘You didn't build these features. You were so expensive. You were fleecing me.’” To Soo, OpenTable's mission statement at the time—“We make it easier for people to experience the world through dining”—betrayed a misguided self-conception. “Let's not beat around the bush here,” she says. “Restaurants pay us.” And “if they're suffering, we suffer.” (OpenTable's new mission statement: “We serve restaurants so they can serve the world.”)

Soo, with an attentive air and a resolute gaze, pauses her turnaround tale to order lunch at Niku, a posh Japanese steakhouse in San Francisco's Design District. She's comfortable discussing tough topics, like her own at-times ruthless style—“I'm aggressive, I'm impatient, I want things to move”—more comfortable, clearly, than she was dressing up for this morning's photo shoot. “I hate this,” says Soo, 45, gesturing at her dress and heels, which she implies are somewhat out of character for her fashionwise. “I had to take a shower!”

Like Soo, OpenTable hails from San Francisco. Although restaurants and

diners flocked when its website was introduced in 1998, originally as *easy-eats.com* (it rebranded the next year), the startup struggled to turn a profit. In 2001 its venture backers considered pulling the plug. To survive, co-founder Chuck Templeton, a former US Army Ranger, and his team pivoted from a diner-focused strategy to a software-as-a-service model, convincing restaurants of the operational and marketing potential of an OpenTable contract. By 2009, when the company went public at a valuation of roughly \$600 million, it had attracted more than 10,000 paying eateries, which used it to manage reservations and market themselves on the platform. When the Priceline Group, now called Booking Holdings Inc., acquired OpenTable in 2014 for \$2.6 billion, it had signed on 31,000 restaurants and was seating more than 15 million diners a month.

Soo joined OpenTable after a decade at Kayak, a travel site owned by the same parent company. Rising through Kayak's ranks in Boston from intern to chief commercial officer, she learned to take no prisoners. “Coming up in my career, I had sharp elbows,” she says. She brightens when the server appears with plates of rib-eye, rockfish crudo and crispy cubic potatoes. “Oh my God,” Soo beams, eyeing the potatoes. “That looks amazing.”

The only child of a couple who'd emigrated from Taiwan, Soo grew up helping out in the family travel agency (her bedroom was their first office). She would call restaurants to book reservations for tour groups. After attending Stanford University for undergrad, Soo earned a master's degree from the Massachusetts Institute of Technology's Sloan School of Management. “It had always been my dream to become a CEO,” she says.

Still, she took a risk joining OpenTable. Although it had pioneered the world of online booking, the reservation industry in the years since then had become nearly as competitive as the thin-margin dining sector it serves. The company was up against the likes of Resy, Yelp and SevenRooms, plus Squarespace-owned Tock, which launched in 2014 and caters to high-end restaurants like the French Laundry in California and

Per Se in New York. “We'd lost the best, the tastemakers,” Soo says of the period prior to her stepping in.

Before Soo, OpenTable charged restaurants a flat monthly fee in addition to a dollar for every guest seated through the platform. Now OpenTable's software comes in three tiers: Basic (\$149 a month), Core (\$299) and Pro (\$499), plus a variable cover fee. Pro tier provides valuable information about the guest: what they ordered last time, their birthday or wedding anniversary, even their LinkedIn or Instagram profile, all algorithmically delivered so restaurants can best serve them. “Owners can say, ‘Hey, I want to target people who love merlot who've been with us at least twice but haven't been in the last six months,’” Soo says. “You can easily do that in our system, and we'll even create the marketing campaign for you.”

Add in the new leadership she installed “for every single function of the company,” and Soo appears to be righting OpenTable's wobbling ship. In 2025 it experienced double-digit revenue growth, according to the company. (OpenTable declined to share specific figures.) More restaurants are ponying up for OpenTable's service, the company says, including some of those coveted “tastemakers”—Aska in Brooklyn, New York; Daisies in Chicago; SingleThread in Sonoma County, California. Today it seats almost 2 billion diners a year across 65,000 restaurants, an all-time high.

Under Soo, OpenTable has added more features to the app, like Concierge, an artificial intelligence assistant that helps diners choose where to book. With the app already available in more than 80 countries, the company is investing heavily in Italy, France and the Philippines and revamping its loyalty program for diners. It also recently released a private-dining product.

But mainly, Soo's focus is on OpenTable's paying customers: “For a restaurant, there is nothing more expensive than an unfilled seat,” she says. “And we have the ability to fill your seats.” Soo, filling one of those seats herself, forks some more crudo onto her plate. Six years in and clearly she's still hungry. **E**



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PHOTOGRAPHS BY BEN DENZER FOR BLOOMBERG BUSINESSWEEK

Richard E. Feinberg outlines the grand bargain that could turn around Cuba's economy

Cuba is in truly dire straits. The Caribbean island is being crushed between two powerful opposing forces: a Trump administration intent on forcing regime change with a punishing oil blockade and a defiant Cuban Communist Party wedded to an anachronistic state-led model and a deep distrust of the revolution's "historic enemy."

This is an unsustainable degree of stress for an economy made brittle after decades of being drained of two essential components—people and capital. Since 2019, at least 1.5 million Cubans, 15% of the population, have abandoned their homeland, fleeing a repressive bureaucracy to seek a better life abroad. This exodus, on top of a low fertility rate, has left behind an aging populace: About a quarter of Cubans are older than 60, one of the highest shares in Latin America.

The country also suffers from a depleted capital stock: Rusting farm tractors and other machinery are long past their productive lives; the electrical grid is close to collapse (a situation hastened by recent fuel shortages); and other infrastructure, including ports, airports and railroads, is visibly deteriorated. All of this is largely the legacy of decades of underinvestment by the leadership. Annual outlays amount to just 10% of the country's gross domestic product, less than half the Latin American average.

After the breakup of the Soviet Union in the 1990s, a critical source of economic aid, Cuba's authorities cautiously and haltingly allowed small-scale private enterprises. During a brief thaw in US-Cuba relations initiated by President Barack Obama in 2014, aspiring young Cubans opened classy restaurants, software design studios and other startups. If these gradual reforms had been allowed to mature, the authorities might have managed to steer the economy to a soft landing. This was the optimistic vision I conjured in my 2016 book, *Open for Business: Building the New Cuban Economy*.

But the reimposition of paralyzing sanctions during President Donald Trump's first administration turned hope into despair. The window for piecemeal measures has closed shut. In 2026,

desperate times call for urgent, decisive leaps forward.

With preliminary meetings between Havana and Washington underway, this is a good time to ponder what bold measures might restore hope and keep restless young talent from seeking opportunities abroad. What must be done to correct the island's chronic, debilitating deficit of investment capital? And, most immediately, what initiatives could alleviate the deepening humanitarian crisis?

A vital first step would be the appointment of a new economic team, as US Secretary of State Marco Rubio has insisted. President Miguel Díaz-Canel's mostly mediocre, listless economic cabinet should be replaced by capable, energetic Cuban technocrats from on and off the island, perhaps bolstered by experienced international advisers. But this fresh team can succeed only if it's empowered to radically restructure the bankrupt Cuban state.

To earn credibility and gather momentum, any comprehensive reform package would have to be endorsed by the US in a constructive grand bargain, detailed and transparent, that promises economic renewal in Cuba while advancing American interests, such as controlling migration and combating trafficking of illicit narcotics. Such a far-reaching deal would require the US to definitively lift the 64-year-old embargo. Investors won't show up if they fear crippling sanctions could be reimposed anytime, at the whim of politicians in Washington.

Two other critical steps toward unlocking investment would be the passage of domestic legislation that unequivocally secures property rights and agreement between the two countries on trustworthy international mechanisms for settling investor disputes. Next, the bloated, inefficient Cuban state must be radically streamlined, a process that would involve auctioning off government-owned enterprises. Reviving tourism can jump-start a recovery, but deep reforms will be needed to spur investment in other promising sectors, including renewable energy, export-oriented agriculture and light manufacturing.

Prompt settlement of outstanding

property claims dating from the expropriations of the 1960s would be one way for Washington and Havana to engineer what economists call a positive confidence shock. Here, the groundwork has already been laid: The US Foreign Claims Settlement Commission has certified almost 6,000 claims valued at \$1.9 billion (excluding any interest). Certified claimants could be compensated through a US-administered trust fund, by means of debt-for-equity swaps or—in exceptional circumstances—property restitution. To be clear, though, it is not the place of the US government to advocate for Cubans or Cuban Americans who were not American citizens at the time they lost their property. Expelling thousands of families living in properties expropriated from other Cubans would be a recipe for civil disorder, potentially threatening the entire reform project.

The process of downsizing the sprawling state apparatus could begin with tourism. Cuba lists 86 nominally five-star hotels with 43,000 rooms, most owned by three major state-owned enterprises: Gaviota (a unit of GAESA, a giant holding company of the armed forces), Cubanacan and Grand Caribe (both arms of the Ministry of Tourism). Some could be sold outright and rebranded, while others might be managed as joint ventures. Proceeds from the sale of iconic properties—in need of extensive repairs—such as the Hotel Nacional, Habana Libre (formerly a Hilton) and the Habana Riviera (built by US mobster Meyer Lansky), might be earmarked to pay compensation to certified claimants.

The decrepit national electric grid will require massive investment in power generation (more than \$6 billion by some estimates), as well as in transmission and distribution. The island has ample potential for solar and wind, and its sugar cane industry could support production of biofuels. But to attract foreign capital, the power sector's regulatory framework must be overhauled, perhaps with technical assistance from international development agencies.

While a revival in tourism may be sufficient to rekindle growth, Cuba's new economic stewards will need to quickly draft

blueprints for economic diversification at the sectoral and regional levels to consolidate the recovery. Cuba imports more than half the food it consumes—much of it from the US. Cuban American families are itching to apply modern technologies to revive the once-grand sugar and rum industries and bring back mass production of premium cigars. Recapitalized farms could ship fresh tropical fruits and vegetables to hungry markets in the US. But none of this can happen unless outmoded systems of land tenure and other agriculture regulations are completely revamped.

A remodeled Cuba could compete with Mexico, Costa Rica, the Dominican Republic and other neighbors in producing apparel, medical devices, electronic components and auto parts, integrating its factories into the supply chains of US-based multinationals. The 10-year-old Mariel Special Development Zone is primed for such investments. The US naval base in Guantánamo, outdated as a strategic asset, might be repurposed as a second production hub.

Last but not least, Cuba's private sector—about 12,000 authorized small businesses plus half a million micro-enterprises—must finally be unfettered from multiple restrictions designed to keep them from challenging state monopolies. Ambitious Cuban entrepreneurs should be able to do business seamlessly with state enterprises and foreign-owned firms. And they should be allowed to court diaspora capital, which could become an important contributor to any renaissance.

In this bilateral bargain, we can envision two contrasting models: one welcoming investors from around the world, or one privileging US firms, as some in the Trump administration might prefer. In tourism, for example, the second route might call for squeezing out current hotel operators such as the Spanish chains Iberostar and Meliá and Germany's Kempinski.

Similarly, is the US government prepared to provide large-scale humanitarian relief, to restock the empty shelves and build popular support for a transition? Or will the US share the financial

burdens with other nations? Should Cuba be admitted to the International Monetary Fund, World Bank and Inter-American Development Bank, with their vast technical expertise and lending capacities, where the US is the largest but not the only shareholder?

Another strategic choice: whether to accept a continuing Chinese commercial presence on the island. Today, China subsidizes Cuba's imports through trade credits, notably of solar panels. China also buys Cuban nickel produced and refined by Sherritt International, a Canadian-owned joint venture. China has shown interest in building hotels catering to Chinese tourists, and in building port facilities in Santiago and Havana. Can the US and Cuba agree on a foreign investment regime that takes advantage of Chinese capital while screening out strategic threats?

To ensure stability while the economic reforms take hold, the US would have to accept the continuing political primacy of the Communist Party and the closely intertwined military for the next several years. Such an arrangement would resemble the model in Venezuela, where the Trump administration removed President Nicolás Maduro in January but accepts that the authoritarian Chavistas continue to govern the country for the time being.

If negotiations between Washington and Havana fail, the downside risks are great. The long-suffering Cuban people will face further immiserating hardships. They might rebel, demonstrating in the streets or attempting to cross the 90 miles separating them from the US on makeshift rafts. Gutting images of bloodshed in Havana or drownings of desperate refugees at sea could prompt a US military intervention—an outcome more radical Cuban exiles in Miami have long lusted for but which previous US presidents have shied away from since the disastrous Bay of Pigs invasion in 1961.

Can pragmatic realism replace emotions and ideology on both sides of the Straits of Florida? Economists can delineate a path forward. But, as we all know, it's politics that usually stands in the way. **B**

● Reading List



Cuba

Ever since the January capture of Cuba's principal benefactor and ally, Venezuelan President Nicolás Maduro, US President Donald Trump has been telling the world "Cuba is next." That ominous refrain is the reason Michael J. Bustamante, the Emilio Bacardí Moreau Chair in Cuban and Cuban-American Studies at University of Miami, has been busy fielding calls from reporters across the globe. At our request, Bustamante drafted a list of books and newsletters that have shaped his own thinking on the Caribbean nation. —*Jim Wyss*

● **Cuba: An American History** by Ada Ferrer

There's a reason this 2022 book won the Pulitzer Prize. Ferrer takes the long view on the "ties of singular intimacy"—to quote US President William McKinley—that haunt the relationship between the two countries.

● **The Tribe: Portraits of Cuba** by Carlos Manuel Álvarez

This 2022 book of evocative portraits of everyday life on the island comes from one of Cuba's most important new journalistic voices, who's a co-founder of *El Estornudo*, the country's only independent narrative journalism outlet, now largely being run from exile. The vignettes are, in some cases, a decade old, reflecting the hopes and ambiguities of the brief US-Cuba détente that came under the Obama administration.

● **Newsletters: Cuba Review from the Cuba Study Group (CSG) and US-Cuba News Brief from the Center for Engagement and Advocacy in the Americas (CEDA)**

These weekly newsletters give English speakers a window into what the local Cuban press is talking about and provide deep analysis that breaks the mold of the polarized Cuba debate.

● **Comparing Socialist Approaches: Economics and Social Security in Cuba, China, and Vietnam** by Carmelo Mesa-Lago

Published last year, the most recent book by the University of Pittsburgh economist and elder dean of Cuban studies is a deep dive into how the three communist countries have approached market reforms. It explains how haphazard, slow liberalization in the Cuban case has left the nation's economy in tatters and more vulnerable to US pressure and coercion.

● **La Paloma y la Ley** by Lisette Poole

In 2016 the photojournalist embedded with two Cuban women on a trek across South and Central America to the US-Mexico border. The book mixes essays with poignant photographs that capture the plight of Cuban migrants.

The US oil industry doesn't want war either, says Gary Sernovitz

It can't be coincidental, right? In the first two months of this year, US President Donald Trump has attacked two of OPEC's 12 members, snatching Venezuelan President Nicolás Maduro in January and killing Iran's Ayatollah Ali Khamenei in February. Conspiracy theories and reasonable curiosity have converged on the question of how central oil has been to all this. One senses that the average American thinks military action is now planned in a room filled with 10 oilmen, 10 Israelis, a shirtless Pete Hegseth and Trump letting it rip.

This misreads how strange it is for the US oil business to find itself in war headlines again, with "No blood for oil" protest signs being dusted off. The international state of affairs undercuts one of the industry's biggest achievements this century: the shale revolution. Modern drilling and fracking techniques not only brought America close to self-sufficiency in energy but also, over time, created an easier, more predictable way to do business. Other oil and gas producers were forced to make room for massively increased American oil and gas volumes. In the political realm, US presidents no longer had to obsess over how an action would affect prices at the pump. In the grandest of American traditions, the rest of the energy world became nonplayer characters.

At this moment, though, it's US oil companies that feel like NPCs, unsure what roles they're supposed to play in Venezuela, Iran and other Trump-tossed countries in the Middle East. American shale producers have been clear in their message to

the markets that they won't (and probably can't) chase short-term oil price spikes with long-term capital spending to boost production in a meaningful way in the 106-million-barrel-per-day global market. US oil companies are also, for the most part, uncomfortable being viewed as instruments of foreign policy. When Trump summoned oil executives to the White House, hoping to secure commitments to help reverse a decades-long plunge in Venezuela's oil output, Exxon Mobil Corp. Chief Executive Officer Darren Woods disappointed him by declaring the country "uninvestable."

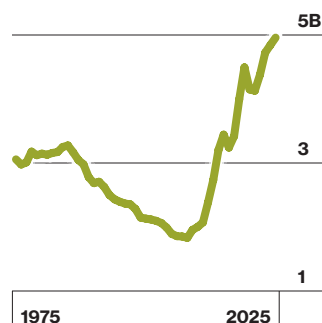
To understand why oil producers are not eager to leap back into Venezuela (or Iran, should it come to that), some historical context is needed. An oil company founder recently explained to me that oil is a 180-year story of frontiersmen and settlers. The job of the frontiersmen is to open up territory; the job of the settlers is to use technology to extract more oil and gas. Together, frontiersmen and settlers have kept prices remarkably stable and disproved predictions that the world was nearing peak oil production.

Sometimes these two approaches reinforce each other, such as the deepwater offshore advances in the Gulf of Mexico and Brazil in the 1980s and '90s (which continue in other places today). In many eras, however, one or the other is dominant. The 1950s, for instance, were about frontiersmen opening up the Persian Gulf. In the past decade, the story has been all about settlers unlocking vast quantities of onshore US oil and gas—and how this redefined the global energy market. In this period—the late shale revolution—the technological leaps of modern fracking and horizontal drilling morphed into a quest for industrial mastery to maximize efficiency in existing basins. This may sound a bit dull, but settlers can plan for the long term. Settlers please shareholders. Settlers sleep well at night because they don't have to worry about unstable governments, corrupt officials, adversarial neighbors and changing rules. For the old-school frontiersmen still out there, those headaches are pretty much unavoidable, because most countries blessed with oil and gas resources are also cursed by them (with the exception of the irritatingly even-keeled Norwegians).

In comparison, the US political environment during the settler era has not altered the industry's fundamental trajectory. Yes, American energy policy has a bipartisan tendency to be

The Energy Boom Heard Round the World

US field production of crude oil, in barrels



US natural gas marketed production, in cubic feet

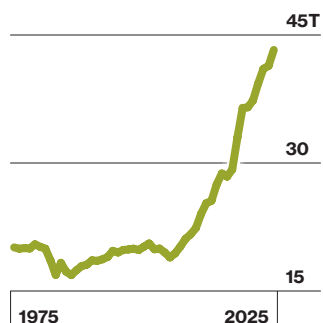


PHOTO ILLUSTRATION BY ANDRÉ RUCKER FOR BLOOMBERG BUSINESSWEEK ■ DATA: US ENERGY INFORMATION ADMINISTRATION



hypocritical, incoherent and unhelpfully aspirational. (This might also be a good description of life.) The Biden administration rolled out hundreds of billions of dollars of government support for renewables and electric vehicles to address climate change while being hostile to the oil and gas industry in ways big—revoking permits for the Keystone XL pipeline—and small—requiring companies to disclose climate risks in public filings.

The Trump administration is fully allied with most in the oil business in wanting to “own the libs,” topple the windmills and drill, baby, drill. But Trump’s grumpy-old-man-at-the-pump side—oil prices are always too high and someone is always to blame—manifested itself in Treasury Secretary Scott Bessent’s mercifully forgotten 3-3-3 plan. That called for additional daily production of 3 million barrels of oil equivalent (a measure that covers both oil and gas) by 2028 (“Yes!” shout the oilmen) but also 3% annual economic growth through, among other things, actions to “substantially decrease the oil price” (“Well, wait a second...”).

As it turns out, whether the administration is supportive or obstructionist hasn’t much mattered. US production is not yet on track to grow by 3 million equivalent barrels per day under Trump II. But it grew by 4.3 million barrels per day in the Biden years.

So this is where the US oil business was before it became a spectator to recent events, which are causing consumers to howl about gasoline prices, pundits to blame oil companies

and your dentist to become an expert on the Strait of Hormuz. To the recent pronouncements that the oil business will never be the same, it’s always a good bet that this too shall pass. We heard similar prognostications four years ago, when oil and European gas prices spiked after Russia’s invasion of Ukraine. But then came three years of decelerating demand, plenty of oil and gas supply, and subdued prices.

But there are ways in which 2026 could usher in a more decisive shift in the industry. A sustained stretch of higher prices or a scramble for new sources of supply to replace war-destroyed capacity would hasten the inevitable end of the US settler era. For years, even when the world had abundant oil and gas, industry analysts have pondered where the next big finds could come from to offset declining output from existing fields. The most obvious place to look is within countries not producing at full capacity because of sanctioned pariah governments and kleptocratic self-abuse. One of the least likely places is from onshore fields in the US: Production from densely drilled shale basins already supplying more than one-fifth of the world’s oil and gas can’t grow endlessly. The US Energy Information Administration, part of the Department of Energy, last year forecast that US oil output would peak in 2029 and gas production in 2032 before slowly fading on a gentle downslope.

The US oil industry has also consolidated to the point that it’s not that much different from grocery store chains trying to grind out more profits on the back of incremental efficiency gains and fewer middle managers. It’s not lost on investors that while about 44% of Exxon’s production comes from the US, only 24% of its profits do.

Trump’s actions in Venezuela and Iran have many possible reasons, or no reasons at all, but it’s highly unlikely that one of them was to give US oil companies a kick in the pants. And even if it was, there are many ways the administration could (and, given its track record, likely will) undermine its own goals in opening up territory for the US energy industry. It could hand projects to incompetent cronies. It could improvise a heavy-handed industrial policy that pushes US oil companies to focus on, say, reviving Venezuelan heavy oil production (a not-uncomplicated undertaking) instead of what they’re good at. Also, as the Biden administration learned the hard way, no energy policy is future-proof, meaning that the current NPCs—Venezuelans, Iranians and, yes, even the Democrats—could reverse what was done when they return to power. An alternate scenario is that Trump’s actions succeed in unlocking new Venezuelan or Iranian supply, putting competing barrels into a market without the demand to absorb it, driving down prices and crushing any US producer with a high-cost business model.

What is clear, though, is that sooner or later another frontiersmen era will be upon us, with all its necessity of supply, potential for success, risk of bad investments and certainty of moral compromise. This will likely produce new winners with skills different from those that succeeded in the shale revolution. Whenever it arrives, the US oil industry may look back with nostalgia on the days when you could just drill wells, cut costs and ignore the news. **B**

Buying Power

Quince is defying the apparel e-commerce curse, explains **Amanda Mull**

Scrutinize a receipt from any recent purchase, and it might be hard to avoid feeling you got swindled. Since early 2020, the consumer price index has risen so quickly that what you could buy for a buck back then will cost you \$1.26 now. In some categories, including groceries, electricity and car insurance, the price increases have been even steeper. Retailers such as Walmart Inc. and Dollar Tree Inc. are seeing more affluent customers raid their aisles in search of cheaper products. You might feel like you know where the extra money is going—tariffs, that cocoa shortage you read about, the rent hike at your favorite sandwich shop that made your Reuben more expensive. But a lot of prices seem just inscrutably higher. The cost of my dog's kibble has more than doubled since 2020, and I couldn't begin to guess why.

When Quince launched in 2019, the company couldn't have known that Americans stood on the precipice of years of pricing chaos, but it nonetheless made for splendid timing. The San Francisco-based online retailer specializes in selling its own brand of low-cost "luxury" goods, the kinds of things designed to lessen the tension between your aspirations and your budget. The company is building its brand on a lineup of

bougie basics—\$50 cashmere sweaters and \$184 European linen bedding sets—plus some designs strikingly similar to more expensive products from Bottega Veneta, Birkenstock, Coach and other brands. At first blush, the promise sounds familiar to those of us who shopped our way through the 2010s Warby Parker-inspired direct-to-consumer boom and its subsequent busts: Quince says it cuts out the middlemen, enabling it to sell high-quality goods at lower prices—a salve for the polyester-weary soul.

Over the past few years, it's expanded into a surprising variety of other products: American-made sofas, 14-karat-gold jewelry studded with lab-grown diamonds, fragrances, nutritional supplements. "We think there's opportunity everywhere for the same sort of calculation that we used on cashmere in the beginning," says Chief Merchandising Officer Matt Lippert, emphasizing that Quince has built a system predicated on sweeping data analysis and very close relationships with manufacturers. These two things, he says, have enabled the retailer to enter product categories far more quickly than a traditional model would allow. Now, Quince is going even further—beyond its white-label assortment, selling third-party products from more

traditional high-end brands, including \$260 bottles of Dom Pérignon Champagne and \$315 Augustinus Bader moisturizer. These aren't good deals; some of the stuff, like the moisturizer, is sold at the manufacturer's suggested retail price. But they're useful for Quince, both as inventory that can draw in new affluent customers and as recognizable status symbols that can boost the brand's overall luxury aura.

To do all this, Quince has pulled off at least a couple of things that would have seemed improbable for any company even a few years ago. First, with its own products, it has found a way to meaningfully undercut competitors' prices on goods that are at least made well enough to win occasional praise from



PHOTOGRAPH BY JANELLE JONES FOR BLOOMBERG BUSINESSWEEK

reviewers such as the *New York Times*' Wirecutter. Second, Quince has managed to draw huge sums of money from overjoyed venture capitalists to an online apparel retailer, even after a string of high-profile flops made the sector radioactive to many investors. In March the company's latest funding round nabbed it \$500 million at a valuation of over \$10 billion—more than double the valuation set in a previous round only eight months earlier.

In the process, Quince has become “the fashion industry's favorite villain,” as the *New Consumer*'s Dan Frommer wrote recently. Indeed, Quince's success seems to confuse or frustrate anyone who either hasn't gotten in on the investment or isn't excitedly ripping open packages of organic cotton separates and discount caviar. Sid Gupta, the chief executive officer and co-founder, parachuted into the industry as a complete newcomer—he worked in finance and then bought a distressed chain of candy stores before starting Quince. The company has also acquired a reputation for mysteriousness, in part because, until recently, it didn't have much of a communications department, but also in part because it's reluctant to get into any specifics about how its business works. All of this can make it tricky to understand what Quince actually is and even harder to know where it's going. But there does appear to be something noteworthy happening under the hood.

The most obvious way Quince differs from less successful direct-to-consumer darlings past—Allbirds, Everlane, Outdoor Voices, to name just a few in apparel—is in its approach to logistics. “Everybody's still quite amazed at this model,” says Liza Amlani, a co-founder of the Retail Strategy Group and a longtime merchant and consultant in the industry. “When we talk about Shein or Amazon, many people say, ‘Oh, they're not a retailer, they're a tech company.’ I would say that Quince is a supply chain company.” Until very recently, virtually every large retailer moved its inventory in a standardized way, ordering products from suppliers overseas and shipping them to US warehouses, where fulfillment workers pick and pack orders as they arrive. Container shipping makes it cheap to move large volumes of goods over great distances as long as speed isn't your main concern, and domestic storage allows orders to get delivered in just a few days, which makes customers happy. Quince's system, conversely, leaves almost everything overseas; it ships merchandise directly from manufacturers to customers, removing the time and expense of most of the pre-consumer logistics process. Shipping to customers might take a little longer, but Quince says it's looking for ways to speed that up too.

In some ways this approach is similar to what the Chinese retailer Shein has done to push its prices so much lower than those of other fast-fashion retailers. Most major retailers use some kind of sophisticated data analysis for their own forecasting, but they still need to make orders months in advance to satisfy their traditional logistics models. Quince, like Shein, has developed artificial intelligence tools that are central to many of its basic processes—data scraping, market analysis, product prototyping, demand forecasting. Because the company doesn't need to spend weeks transporting inventory from Asian manufacturers to American warehouses before it can be sold, Quince

can put smaller batches of goods—made with Quince-approved materials and carefully keyed to the quiet-luxury taste of a millennial woman who spends a lot of time on Instagram—into production more frequently. This allows it to do weekly demand forecasting, down to which colors and sizes of a product need to be produced in greater quantities immediately. Lippert, the CMO, says Quince's logistics and data analysis systems enable the company to sell through all of what it produces with only rare discounting. That's a level of efficiency unheard of among large apparel retailers, which otherwise have to regularly slash prices or off-load overstocked merchandise to retailers such as TJ Maxx because a particular trend didn't land with shoppers.

Quince says it earned more than \$1 billion in revenue last year—huge for a company only a few years old, though still small compared with better-established apparel retailers such as Gap Inc., which brought in more than \$15 billion in net sales during that time. Quince doesn't release detailed financials, but according to research from Bloomberg Second Measure, sales during 2025's all-important holiday shopping season more than doubled the previous year's. Michael Gunther, senior vice president for research and market intelligence at the consumer data firm Consumer Edge, says Quince has seen strong annual growth with shoppers across income levels, but it's especially popular with customers earning more than \$150,000—precisely the people who power the country's consumer economy. And fans of the brand come back for more; transactions per account last year rose 11% from 2024, with the average now at an even two purchases per year.

In the end, it might be most accurate to think of Quince not as a retailer or a tech company or even a supply chain company, but as a series of arbitrage opportunities, daisy-chained together to produce as much growth as possible. Consumer markets are full of disconnects: between when a product is designed and when it can be delivered, between how much inventory a company orders and what it's able to sell, between what people say they want and what they're willing to pay for it. Brands that started their pitches to investors and consumers over the years by saying fashion is an inefficient and wasteful industry weren't wrong—they just didn't have real ways to solve those margin-eating problems.

With middle-class Americans feeling as squeezed as they have in decades, Quince's proposition to consumers “fits the macro trend very well,” says Hans Tung, a managing partner at Notable Capital, which has participated in several of the company's funding rounds, including its most recent. He likened the retailer not to the luxury brands it claims to undercut but to Japanese mass retailers Uniqlo and Muji, which are beloved for their well-designed, subtly branded and affordably priced clothing and home goods, respectively. And more surprisingly, to Costco Wholesale Corp., with its fanatical focus on lowering prices while retaining a baseline of quality. If you want to be the guy selling pickaxes in a gold rush, then maybe, in an affordability crisis, you want to be the guy selling stuff that makes people feel like they can still afford nice things. **B**

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Falling Into a Bad Job Market

As graduation season approaches, we talked to college students and recent grads from around the country about the challenges they face in getting hired (page 32) against a backdrop of rising unemployment—and underemployment (page 37). Is it any wonder then that rich parents are ponying up for fancy career coaches for their kids (page 39)? Or that Gen Z is avoiding the job search by applying to grad school (page 41) or launching their own startups, even before collecting their diploma (page 42)? AI is obviously on everyone's mind, especially young tech workers in India (page 44). Maybe advice from today's CEOs can help ease the pain (page 47)—or maybe we should all be worried about our jobs (page 48).

PHOTOGRAPH BY EVAN SHEEHAN AND ALEX WALLBAUM FOR BLOOMBERG BUSINESSWEEK; PRODUCTION: BREAKFAST FOR DINNER

Inside the Job Hunt

Entering the workforce is especially tough right now. Just ask those who are trying

By Marin Cogan



What a moment to be graduating from college and trying to start a professional career. Artificial intelligence is in the midst of radically transforming—and maybe destroying—entry-level white-collar work. The US economy is technically still growing, but big employers are laying off workers in droves. The Trump administration slashed hundreds of thousands of government, academic and nonprofit jobs last year. At the end of 2025, the number of job openings dropped to 6.5 million, the lowest level since September 2020, and an analysis from the Federal Reserve Bank of New York shows the unemployment rate for recent college graduates has grown higher than the national average for all workers. As if that wasn't enough, a survey by the National Association of Colleges and Employers predicted that 2026 would be the worst job market for new grads since the beginning of the pandemic.

All of this is happening against the backdrop of a long-term trend that was already challenging the conventional wisdom about the value of obtaining a college degree: There aren't enough degree-requiring jobs to sustain the number of new graduates. By the end of last year, underemployment of recent college grads reached almost 43%, according to data from the Federal Reserve Bank of New York, an increase of nearly 4% from the end of 2024.

Is it any wonder, then, that the more than 2 million students graduating this year feel tremendous pressure? To listen to their efforts to pass through AI application screening systems, connect with real hiring managers and find a company that's actually hiring entry-level workers is to be reminded of *Wipeout*, the game show where contestants have to hop across an obstacle course of floating lily pads and traverse wobbly balance beams without face-planting in the water below.

This doesn't mean finding a job is impossible, but the topsy-turvy economy requires aggressive pursuit of multiple avenues and an openness to pursue something other than you'd planned. *Bloomberg Businessweek* spoke to more than a dozen young people about what it looks like to try to begin a career right now. Our conversations were lightly edited.

■ ILLUSTRATIONS BY DANIEL ZENDER

Scoring Internships

Internships have long been a pathway to a first job, but the stakes students place on receiving a full-time offer from one now feel impossibly high. “Those expectations aren’t necessarily realistic, because companies take on far more interns than they actually have room to hire,” says Keith Spencer, a career expert with listings site FlexJobs. Still, many students start the internship process early in college, hoping to become one of the lucky few who can make the jump from intern to employee.

I was born in the UK, I spent 20 years of my life in Pakistan, and then I moved to the States for college. Because I’m an international student, once our work authorization kicks in, we have about 60 days to find a job. I sent in 453 applications for internships alone. I did at least 20 interviews and a bunch of online assessments, too—way too many to count. A lot of companies had five, six rounds of interviews just for an internship, which was crazy.

It was really hard. The process is what tires you out—talking to every company, going through the same many rounds, only for them to call you and be like, “Yeah, actually, you didn’t make it.” It was a lot of work and definitely a recipe for burnout. ▶ **Aimen Moten, 23, got an internship with Google during her sophomore year and graduated in 2025 from DePauw University with a degree in computer science. Interning led to a full-time job at YouTube as a software engineer.**

“I’ve had moments where it felt like I couldn’t even pause without feeling like I was falling behind”



I did a small internship after freshman year at a girls-in-STEM summer camp because it was important to me. I wasn’t ready to work a “real job.” I was 18. I wanted to have fun. I didn’t know what a W-2 was. Now it feels like we have to think about internships the minute we step on campus. That’s scary.

We don’t talk enough about how hard it is to balance school plus job-searching, especially when it feels like the pressure to keep progressing never really turns off. I’ve had moments where it felt like I couldn’t even pause without feeling like I was falling behind. I’m glad my senior summer internship worked out and that the company had a high intern hire rate, because if it hadn’t, I really don’t think I would have found anything. ▶ **Charity Penn, 22, graduated with a degree in business cybersecurity from the University of Alabama in 2025. She was able to get a full-time job at Accenture Plc, the company she interned for as an undergrad. She still applied for 50 jobs a week while waiting for her offer.**

Delaying Graduation

Although there aren’t official numbers to give a sense of how widespread the practice is, some students report holding off on graduation to add one more internship to their résumé. They see remaining in school as a way to secure opportunities they won’t be eligible for as a college graduate.

▶ Typically people do only one internship, maybe two. You can get a job offer from doing just one, but to build up experience and prestige, you need to do multiple. I see people doing three internships and getting return offers, and those tend to be from very competitive companies.

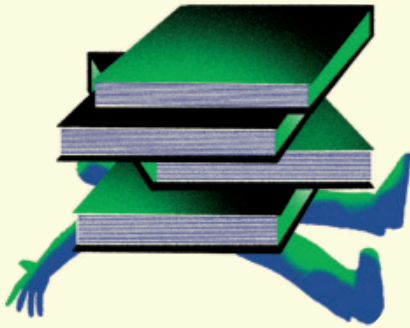
My goal is to snag another. I don’t have a specific company in mind, but I’m thinking more fintech or tech-related. There’s a lot of last-minute panicking. People are like, “I’m gonna extend my graduation. Should I go for another internship? Maybe I don’t need to graduate right now.” What’s the difference between graduating right now and working 9 to 5, versus doing one more internship and going to a little bit more school and then going into full work life?

I worry, yes, but I feel pretty good about my plan. If I’m able to grab another internship, that’s going to boost my confidence. I didn’t have the confidence to just graduate as a fourth-year. I would have felt just as shaky or unsure as a lot of my peers. I’m honestly thankful. Not everybody can afford to extend another year. Sometimes you need a job as soon as possible. ▶ **June Kang, 22, is a senior at the Georgia Institute of Technology majoring in business IT and completing a co-op at Delta Air Lines Inc., an extended internship program where students alternate between a semester of work and a semester of school. After she spoke to *Businessweek*, she secured an internship at Amazon.com for the summer, after which she’ll return to Georgia Tech.**



Going to Grad School

Graduate school interest is also on the rise, as it always is during times of economic uncertainty. But US borrowing caps taking effect this year may close off this avenue for some young people.



I was motivated to get a master's because I was an information systems major, and it wasn't really tailored for the product design roles I want. When applying to jobs, companies asked a lot from me in terms of experience and portfolio, but I hadn't had the chance to work in an industry setting, so I felt like a master's would put me in a better position. If I hadn't done it, I probably would have had a really hard time going from undergrad to full-time product-design roles.

I have peers who went the graduate route as well, either master's or Ph.D. Others were job hunting, but I'm hearing they're considering graduate programs now and applying. I can't speak to everyone's motivation, but I think a lot of it is going through the job search and realizing it's difficult, especially if they haven't had internship experience.

► **Olajebu Otusajo, 22, graduated from the University of Maryland Baltimore County in 2025 with a degree in information systems. She's working on a master's in human-computer interaction at Carnegie Mellon University.**

Applying for Full-Time Jobs

The job application grind has gotten brutal, with more applicants and fewer open roles. "There are still opportunities out there, and candidates can still find really great roles," says Samorn Selim, founder of Career Unicorns, a coaching service for first-generation, women and Bipoc professionals. "But the bar is so much higher, and the work I have to do with my clients is almost double," she says, noting that the timeline from when her clients begin working with her to when they get an offer now takes three to four months rather than one to two.

"AI has also become huge in the application process for both candidates and employers," Selim says, with candidates using it to find and apply for roles and prepare for interviews, and employers using it to filter applications and screen candidates. For Generation Z job seekers, it's a mixed bag—31% say AI has been helpful in their job search, but 45% say it's made it harder to stand out to employers, according to research from hiring software company Greenhouse.

I've applied to 30 to 50 jobs so far. I'm worried about the amount of competition, because there are just so few jobs, and we're all going for the same ones. Getting a job used to be finding something that was the right fit for you, and you're interviewing the company back, but now companies have so much leverage. There's more of us that need jobs than people who are giving them. I don't like that dynamic.

For at least half of the applications I do, I need to pass some sort of résumé scanner, and if I don't, it's wraps. These things that were meant to optimize and streamline the application process have now changed it entirely, in a lot of ways for the worse. It's a lack of human connection, and

that human connection is what gets people hired a lot of times.

Not getting interviews puts me at a disadvantage, because I do well in interviews—that's when I can really share my stuff. Not having the opportunity is disheartening. I'm trusting everything will work out, but I'm kind of walking on faith, because it's the same thing over and over again, and it doesn't get easier after a while.

► **Tolu Dapo-Adeyemo, 22, is a senior at the University of North Carolina at Chapel Hill majoring in advertising and public relations. A few weeks after they spoke to *Businessweek*, they received an offer for a full-time job as a college adviser. Although it's not in their chosen field, they took it anyway.**

I've been a waitress my whole life. A lot of other people's parents were paying for their school, but I was paying for my own school, so I feel like that maybe took away some opportunity for me to have an internship that pays nothing. I don't want to sound corny, but I want to do what I want to do. I don't really care about the pay. I know that when you say you want to be a writer, you don't think you're going to make a lot of money.

I would say I've done probably 100 genuine applications. It's very hard to not let it get to you. I feel like I've done a pretty good job at just not taking it personally and kind of making it funny. I'll be 50, still applying for a writing job. I don't really care. But you know, it's hard. It's hard because it's just very clear that your résumé just goes into this pool that's filtered by AI, and then it doesn't even get looked at. ► **Lucia Ferrero, 23, attended the University of Hawaii at Mānoa. She's just a few credits short of graduating but is uncertain about whether she wants to finish school. She's working as a waitress on Long Island in New York, while applying for editorial jobs at magazines and newspapers.**

I've applied to 20 different full-time roles. Career services basically says, "Use ChatGPT, include buzzwords," and I'm like, "So I have to play a game?" I've been doing all this work to show I'm experienced, and if I don't say it the right way, I'll get auto-rejected. If it's helped, it hasn't helped a lot, because the job search is so hard.

When every job asks for a résumé and a custom cover letter, though, I don't know how I'd do that without AI. It's unsustainable to write one from scratch for every job. AI can also help with interview prep—based on the job description, what questions might they ask, how I should position myself relative to what they want. But everyone has access to that, so while you're becoming a more impressive candidate, your competition is becoming more impressive too. It's hard to tell if it's a net positive or just tightening the race. ► **Bunmi Omisore, 22, is graduating from Duke University this spring with a public policy degree. She's currently searching for a job.**



Handling Rejection

As perverse as it sounds, a rejection is often easier to deal with than an increasingly common outcome: silence. "A lot of companies have reduced their recruiting staff, and the result is the process is broken," says Selim of Career Unicorns. "That's why you're getting ghosted. It's terrible for the company and for the job seeker."

"The job market is really bad. It's like you got an extra ration in the soup line"

► I would say my applications were 80% no response or instant rejection, and then 20% I would do one round of interviews, thinking I did everything right, asked all the right questions, and then it was like, "Well, unfortunately, we're canceling the posting," or "We're going with an internal hire," or "We just went in a different direction."

There were a lot of noes. It got to the point that I had so many noes in my inbox that I actually posted a reel showing all of them. A lot of my friends were like, "Oh, my gosh, I feel so seen," because no one's talking about the noes. Everyone's talking about the yeses on LinkedIn, but nobody's talking about those moments when you're binge-watching a show at 8 p.m. and you get a rejection letter from a job you applied to that same day.

There was a time over the summer where I had to take a pause, because I was starting to doubt myself and my capabilities. Graduation time is supposed to be happy. In my cohort, some of us have jobs, and some of us don't. I was like, "I just graduated, and I don't have anything lined up. What is meant for me?" ► **Isabella Jarvis, 26, got a bachelor's in social work from North Carolina A&T State University in 2022 and then a master's in journalism from UNC Chapel Hill in 2025. She recently accepted her first full-time job at the University of Florida as a programs coordinator for campus events.**

Getting Hired

Even though the situation feels grim, it's not hopeless. Recent grads are still getting hired, especially in cities such as Baltimore, Milwaukee and Raleigh, North Carolina, according to research by payroll services provider ADP Inc.; these are places where large employers are hiring for jobs in health care and tech, and the cost of living remains affordable. Those in other fields and locales are finding work by thinking strategically and defining their value in ways that can't easily be automated.

I'm a marketing major, and marketing right now is extremely hard to get into if you want a solid corporate job. People end up interning after graduation or working at an agency doing low-level work. I didn't want that. I put together an Excel sheet called "Project Pretty and Paid," made a vision board and tracked what I applied to, and when and if I heard back. In addition to marketing and fashion merchandising roles, I also applied to broader new-grad training programs at large companies—in communications and general business—and those were immediate noes.

So I pivoted to focus on what I had hard skills in from my merchandising internship. That's how I landed on retail buying programs. I have an IT minor, so I'm comfortable with the systems. My story feels old-school: I applied, they saw my résumé, I interviewed three times, and they gave me the job. It was straightforward and honestly felt spiritually aligned for me. But broadly, the job market is really bad. It's like you got an extra ration in the soup line. ► **Troi Davis, 22, is a senior graduating from George Washington University this year with a degree in marketing. She'll participate in a four-month training program with a major retail company, after which she'll be an assistant merchant.**



There's a few set jobs that people who graduate from college and are about to go to medical school look for. One of them is working at a clinic, which is what I'm doing now. The pay is lower than a lot of my friends who are not in health care, and it's pretty demanding, but the exchange is that I get direct patient interaction, which is helpful for med school applications.

Both of the jobs I got offers for involve patient interaction, and the hiring managers said they were scanning mostly for personality. My ability to speak to patients and be enjoyable to be around helps patients feel safe and makes them more willing to receive care. At the same time, I'm so young that I need to seem competent, because it's stressful to trust a 22-year-old with your health.

Part of my job is physically rooming patients. Putting bodies in rooms is half the battle for efficiency, because the doctors are trying to see 40 patients a day. Doctors can't do that unless there's a streamlined process for having someone get patients into the room and take their history, so they know what they're walking into. That's why AI isn't really infringing on my grunt work. ► **Julia Van Lare, 22, graduated from the University of Pennsylvania with a degree in public health in 2025. At the time of the interview, she was working at a dermatology office while preparing for medical school.**

It took me six months to find a job, and I think the only reason I did was because of my mentor. She was my supervisor when I was an intern, and I connected with her a lot. She ended up leaving the company, so her role was open. She vouched for me. She wrote this whole email about how I performed and how capable I was, and that's literally why I got the job.

College makes you feel like: You go to college, you get a job, and it's sunshine and rainbows—the American dream. Honestly, I think the American dream is dead. Even with a job, I'm still feeling the pressure of not having security. It's a constant thing.

► **Martina Demory, 22, graduated from Virginia Commonwealth University with a degree in marketing in 2025. She's now a marketing event specialist for a cybersecurity company.**

...And Getting Laid Off

In 2025, 1.17 million jobs were cut, with the government and tech sectors having the biggest reductions. Early-career workers were among the most affected. These recent grads are facing their own version of what millennial professionals experienced during the Great Recession: landing their first position only to have to start the grind over again.



“What’s within my control? What can I possibly do? I have to try any route, every route”

► In undergrad, I did two degrees. I was in so many student organizations, while also working two jobs. I was commuting from my house, driving 30-plus minutes every day to school. I moved states. I went to graduate school and got an internship at an international consulting firm, which offered me a full-time role post-graduation. About nine months after that, I was visiting family in Eritrea and only logged online to submit my time sheet. I had just watched the news, which said the administration was threatening USAID, and then I get this email: “You’ve been furloughed.”

After that, I was working at a restaurant for the first time in my life, at 23 years old. It was like, “What was all that for?” It pushes you into this corner. Sometimes it takes getting to that point where it's like, “What's within my control? What can I possibly do? I have to try any route, every route.” That forced me to figure out marketing and communications, to understand personal branding, to know how AI is affecting the workplace. Only reaching a certain level of desperation will open your eyes to other avenues you may have never considered. ► **Yovela Debesay, 24, graduated from the University of South Florida with degrees in economics and international studies, then completed a master's at George Washington University. She got a job at a consulting firm when she graduated in May 2024, but was laid off when DOGE shuttered USAID, her firm's main client. She's now doing part-time communications work for a nonprofit while looking for a full-time job.**

ILLUSTRATIONS BY DANIEL ZENDER

The Bachelor's to Barista Pipeline

The share of recent grads stuck in jobs that don't require a degree is growing. Is AI or a soft economy to blame?

By Paulina Cachero and Francesca Maglione



They thought they did everything right: took on debt, sat through four years of lectures and labs, pulled all-nighters to write papers and cram for exams, and finally earned their college degrees. Now they're left working jobs that high schoolers could land—ringing up customers at clothing stores, pulling espresso shots at coffee shops and nannying to cover their bills.

Meet today's growing class of underemployed college graduates, the term economists use to describe young people stuck in a job that doesn't require the degree they earned. They made up almost 43% of US graduates age 22 to 27 as of December 2025, up more than 3 percentage points for the year and the highest rate since the pandemic, according to the New York Federal Reserve Bank. That's a significant increase over

just 12 months, though the rate still tracks below those logged during the Great Recession.

It's easy to blame artificial intelligence. After all, there's no shortage of research pointing to how the emerging technology is automating away scores of junior roles in the white-collar industries that many college graduates target. Studies conducted by the Stanford Digital Economy Lab and Harvard University professors found that occupations such as software development, customer service and marketing have experienced declines in early-career employment since the widespread adoption of AI tools.

But the bigger culprit for the woes of recent grads is an imbalance in supply and demand that's been quietly building ►

Where the Jobs Are

Entry-level job opportunities for top college major fields

■ Number of suitable entry-level US job openings per graduate, 2024

→ Gain since 2004 ← Loss since 2004



for years: From 2004 to 2024, college completions in the US rose by 54%, according to Lightcast, a labor market analytics company, whereas entry-level jobs suitable for those graduates grew by just 42%.

To make matters worse, what students are studying is out of sync with where the economy is creating jobs. The result: In 22 of 35 fields of study, the ratio of entry-level jobs per graduate declined over the past two decades, according to a Bloomberg

analysis of Lightcast data. “We’ve never seen so many changes all at the same time and at this speed,” says Elena Magrini, the head of global research at Lightcast. “This is the first time where the education pathway to jobs is kind of broken.”

The young are often the first to pay the price with the arrival of a labor-saving technology or an economic crisis. Almost half of all recent US university grads were underemployed in 1992, when the country was emerging from a downturn and computers were becoming ubiquitous in the workplace, and again from 2012 to 2015, in the aftermath of the global financial crisis.

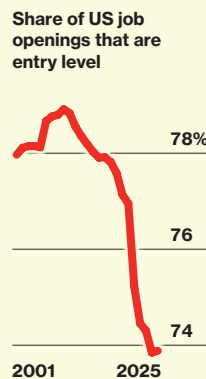
While the US does not appear to be in a recession right now, the combination of high interest rates, President Trump’s ever-changing tariffs and the rapid improvement in generative AI tools has contributed to a low-hire, low-fire environment. This has all but halted the typical churn that helps new grads get a foot in the door. Entry-level roles made up 74% of the jobs available in the market in 2025; in 2009, when post-financial-crisis unemployment peaked, they were 79%, Lightcast data show.

“In a job market that is tight, employers can find more experienced folks to fill junior jobs,” says Shawn VanDerziel, president and chief executive officer of the National Association of Colleges and Employers. “And AI has made many take a bit of a pause on hiring.”

Economists say a higher education system that’s only recently started to course-correct may be the biggest impediment new grads face. For years, schools didn’t tailor curriculums and class sizes to correspond to the skills in demand from employers, and students picked majors that didn’t align with

the fields creating the most jobs. Take health care, a bright spot with nearly 1.9 million entry-level job openings in 2024. College completions for health-related programs grew just 5% from 2014 to 2024, while other fields saw double- or even triple-digit increases, according to Lightcast data.

On the flip side, perhaps no field has collapsed more dramatically than computer and information sciences: From 2014 to 2024, entry-level openings grew about 6%, while the number of graduates



soared by 110%. A host of employers, including Amazon, Atlassian and Block, have cited AI in recent layoff announcements, but a January report from Forrester highlighted a trend of “AI washing,” noting that many of the job cuts were actually financially motivated.

The recent wave of industry downsizing has left aspiring software engineers in desperate straits. Cody Viscardis, 29, says he’s sent almost 1,000 applications into the void since graduating from McNeese State University in Louisiana in 2023. While he saw fellow computer science majors in the year above him land cushy six-figure positions at Amazon after college, Viscardis knew his job search would be harder—but not this hard. He’s landed only six interviews for positions paying at least \$60,000 a year.

Viscardis worked minimum-wage jobs to make ends meet during his job search. Then a friend told him about an electrician gig that paid \$23 an hour, no experience required. Now he works as a union electrician earning as much as \$63 an hour, a job that takes him all around the country.

Viscardis, who along with his sister is the first generation of his family to graduate from college, still dreams of working as a software engineer someday. On top of his 50- to 60-hour workweeks, he’s been taking online courses offered by the University of Tennessee at Knoxville for a master’s in computer science with a concentration in data mining and intelligence systems. “College should at least have the capability of getting you a decent job, so you’re not stuck with a hundred grand in debt making minimum wage,” Viscardis says. “I was hoping not to continue the cycle of being forced to be blue-collar. Even though it’s still good money, I was wanting more from life rather than just chasing a check.”

More than 1,000 educational institutions are consulting Lightcast to adjust majors and class sizes to fit the economy’s needs. But most aren’t, says Jeff Strohl, the director of research at Georgetown University’s Center on Education and the Workforce. “You could have a perfectly good program, but if you have too many graduates, their outcomes are not going to be good,” he says. “Bachelor’s institutions don’t coordinate much at all.”

That puts the onus on students to respond to the changing reality. At Stanford University, where a large share of the students study engineering and intro to computer science is one of the most popular classes, enrollment in CS courses in the fall and winter quarters of the current academic year was down almost 10% from a year earlier—the first drop in many years, according to Angie Davis, a spokesperson for the university.

If it’s any consolation for today’s young underemployed workers, the majority of their peers in the aftermath of the Great Recession were able to transition into jobs requiring a degree within five years, according to a 2018 paper by a pair of researchers at the New York Fed. “It is not unusual for recent college grads to have difficulty finding a college job when they transition into the labor market,” says Jaison Abel, the head of microeconomics at the New York Fed and one of the paper’s authors. “However, for many, working in a noncollege job is only a temporary phenomenon.” **B**

Spending Thousands to Get Your Kids Hired

Business is booming for the career coaches of the very young

By Jo Constantz



The old parental anxiety over getting the kids into college has been followed by a new one: getting the kids a job after graduation. Facing a job market that’s downright hostile to fresh grads, parents with means are paying thousands of dollars—in some cases tens of thousands—to pair their college-age children with career coaches years before their careers will begin.

Business is brisk for coaches like Beth Hendler-Grunt, whose New Jersey-based counseling company Next Great Step offers small-group programs and private advising to give students the polish they need to land a job. When she started more than a decade ago, Hendler-Grunt had to sell parents on her **▶**

“That’s kind of sad, right? You’re dealing with a 16-year-old boy, all he wants to do is run around with his friends”

◀ value. Now she employs a growing team that fields referrals and works with students as early as freshman year so they can secure those ever-more important internships and build résumés to compete in an increasingly cutthroat environment.

The services offered by private coaches aren’t fundamentally different from those provided at college career centers, notes Christine Cruzvergara, an executive at entry-level job site Handshake who leads partnerships with colleges and universities. Cruzvergara, who previously led career services at Wellesley College and George Mason University, says many students are unaware of how much their school’s career center can help.

Plenty of clients for Hendler-Grunt and other coaches come via college consultants, whose former customers are now seeking help with cover letters instead of admissions essays. Her six-month programs run from \$4,000 to \$15,000. “I call it part two,” says Hendler-Grunt, who advertises a placement rate of more than 80% for her clients. “You make all of this investment with college advisers and SAT prep to get them in. Our goal is to get them out.”

Career coaching for college students can cost a few hundred dollars an hour for interview rehearsals and application strategies, with more comprehensive packages typically ranging from \$3,000 to \$10,000. But New York City-based Priority Candidates says some parents are paying upwards of \$30,000 for intensive support and subject-matter experts to prepare their children for entry-level jobs in finance and similarly ultra-competitive industries; the price tags at other companies go up from there.

“Had it been five years ago, I don’t think I would have hired anyone like that,” says Lori Storch Smith, a pediatrician in Westport, Connecticut, who hired Next Great Step last year as her daughter was preparing to graduate from the University of Rhode Island with a marketing degree. “She really needed to put her best foot forward in this market—it’s so hard for these kids right now to get jobs.”

College students are often more than happy for the help, parents and coaches say. Storch Smith’s daughter, Hailey Smith, ultimately landed a job in Boston and was particularly grateful for the support in navigating the alienating nature of one-way video interviews. Weekly group sessions, workbooks and one-on-one coaching helped turn a daunting process into

something that felt manageable. Just as valuable, Hailey says, was the consistent encouragement and individualized feedback that helped keep her spirits and confidence up.

Career coaching for students is a newly lucrative niche for an industry best known for helping midcareer workers uncover their true purpose after years of cubicle toil. In 2019 about 5% of career coaches focused primarily on college students or new grads, according to the International Association of Career Coaches. Its latest surveys show more than a quarter now consider that group a core segment. For parents, coaching can seem like a wise investment given the total annual cost of attendance at a private four-year college—including room and board—is expected to surpass \$65,000, as per College Board estimates. (Plus, some coaches note, it’s cheaper than keeping kids on the payroll at home.)

Doug Wroan, a lawyer in Los Angeles, recently hired a career coach for his 16-year-old son, a high school sophomore. Before the family starts working with an admissions counselor, Wroan wants the coach to help his son think through what major he’ll pursue at college. “We’re not unusual,” says Wroan, who spent about \$1,500 on the coaching. “I think most people do this calculation, because college is so expensive, you want to make sure that you are putting your kids in the right school for the right career path to get an ROI on the tuition you’re paying.” Still, Wroan acknowledges with some chagrin that it can sound like a lot, charting a professional plan at such an early age. “That’s kind of sad, right? You’re dealing with a 16-year-old boy, all he wants to do is run around with his friends.”

For those set on Wall Street careers for their progeny, it helps to have a finance titan’s budget. Companies such as Command Education, Priority Candidates and Weil & Wein say they can help students win investment banking jobs, which can pay more than \$180,000 for a first-year analyst. Some of those companies charge anywhere from \$30,000 to the high five figures. Services include guidance on getting into selective campus clubs, tutoring for technical interviews and networking support. They also help candidates manage the 40-plus applications they’re likely to submit, from meticulously tailored cover letters to the high-stakes gantlet of back-to-back final-round interviews.

Command Education’s founder, Christopher Rim, famous for charging \$750,000 to help get kids into Harvard and Yale, offers bespoke career coaching programs tailored by industry that range from a few months to a year, with pricing starting at \$50,000. Some clients start working with him as early as the summer after high school graduation. That level of strategizing can be too much for kids just learning to do their own laundry, though, and coaches will tell parents when their teens aren’t ready yet.

Lisa Tretler, founder of New York-based career coaching firm Gradvantage, has also had to remind parents that their children are the clients, even if mom and dad are paying. “It’s a tough little dance,” she says, especially when they seek a certain career path for their kids, regardless of what the kids desire for themselves. “I want these young people to be open-minded, and I need the parents to be open-minded as well.” **B**

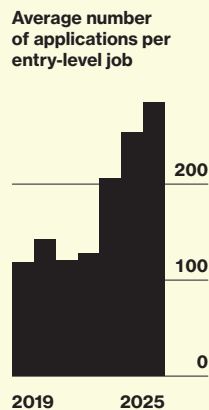
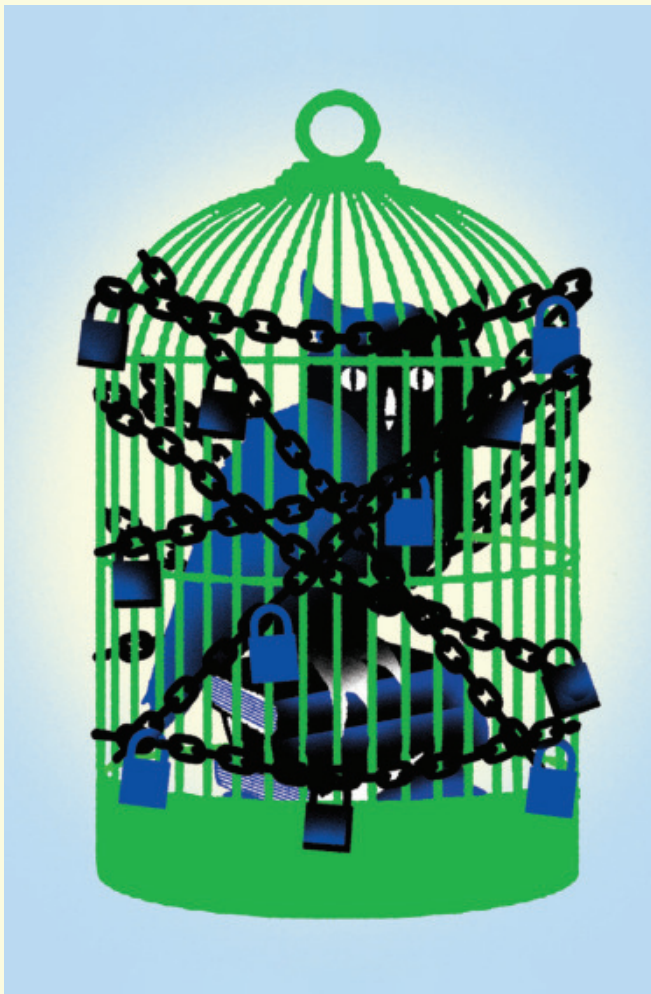


ILLUSTRATION BY DANIEL ZENDER. ■ DATA: GREENHOUSE. JOBS ARE CLASSIFIED AS ENTRY-LEVEL IF THEY INCLUDE THE WORD “JUNIOR” IN THE TITLE OR IF THE JOB DESCRIPTION SPECIFIES THREE YEARS OR FEWER OF RELEVANT EXPERIENCE



Closed Out of Grad School

New caps on federal borrowing take effect this summer

By Jarrell Dillard

After a demoralizing year on the hunt for her first job out of college, Destiny Stone decided to go back to school.

A December 2024 graduate of Strayer University in Georgia, Stone had accepted customer-service positions paying minimum wage to support herself while she tailored different versions of her résumé for the kinds of roles that fit her degree in business administration. But like a growing number of her peers, she wasn't having any luck.

Now she's back at Strayer for an MBA, financed with a mix of scholarships and federal loans. "I've done everything that people tell you to do, and yet I still can't find that one person to give me a chance," she says. "I kind of feel, at this point, a bachelor's degree is equivalent to a high school diploma."

Stone did what many newly minted college graduates have done during the Great Recession, the Covid-19 pandemic and other past economic downturns: seek refuge in the classroom while waiting for the labor market to improve. But that strategy is under threat from caps on federal student loans established in President Donald Trump's One Big Beautiful Bill Act.

Unemployment among young US college grads has been tracking higher than the national average since the pandemic, as entry-level postings have plummeted across many industries, including in tech and finance, which once readily absorbed new talent.

Entry-level postings that are considered highly exposed to AI were down 48% as of March 2026 compared with January 2023, according to data from Revelio Labs, a labor-market data firm. Positions considered less exposed to AI were down roughly 40%. This year's graduating seniors have submitted 23 applications for every full-time position advertised on Handshake, a job-listings platform for students and recent grads—double the number for the class of 2023—according to data the company supplied.

The result for the class of 2026 is a rare squeeze: a stagnant labor market colliding with new barriers to graduate education. Some students who would have pursued an advanced degree are instead entering the workforce immediately, adding to intense competition for entry-level roles. "Low hiring really hits new grads, and the low-fire environment doesn't help them," says Michael Madowitz, the principal economist at the Roosevelt Institute, a policy think tank. As in 2025, it's taking graduates longer to find work, and people who might have gone to graduate school are competing for jobs they otherwise wouldn't have taken, he says.

As of July 1, new caps will limit most graduate students to \$20,500 a year in federal borrowing with a \$100,000 lifetime ceiling; students pursuing professional degrees, including law and medical degrees, will face \$50,000 annual limits and a \$200,000 lifetime cap. The Grad PLUS program, which previously allowed students to borrow up to the full cost of attendance, is being eliminated.

The shift is likely to reshape who ultimately attends graduate school. Some students will still find ways to finance expensive degrees through family support or private lenders, but others may not have those options—especially Black and Hispanic borrowers. Black students are less likely to take out ►

◀ a private student loan compared with their White peers, but they are four times more likely to face distress in repayment, according to the Institute for College Access & Success.

Briana Trujillo, a Mexican American finishing her senior year at the University of California at Riverside, says the borrowing caps have already altered her plans. A Pell Grant recipient who took out loans to help pay for her psychology and public-policy degree, Trujillo says additional borrowing—particularly through a private lender—would be financially unrealistic for her family.

She now plans to enter the workforce after graduation and put off law school for at least two years. She's secured a summer internship with an immigration law firm but has struggled to find full-time employment. "The unfortunate reality is I might have to work a minimum-wage job," Trujillo says. "You know the saying about getting a college degree just to be a barista? That's something a lot of people feel like they have to do right now."

The borrowing caps are coming at a bad time for young graduates from both a short-term and long-term perspective. Even as the economy continued to grow, US job creation sank in 2025 to levels unprecedented absent a recession.

Beyond the broader slowdown in hiring—which often hits young people harder—some economists also see artificial intelligence posing a unique threat to entry-level jobs, which they say makes it all the more important for recent grads to consider an advanced degree. "The kinds of jobs that you compete for after grad school are typically different and are less impacted by AI," says Gad Levanon, the chief economist at the Burning Glass Institute, a nonprofit researching the future of work. "There are more jobs that require judgment and interaction."

One sector where job seekers are generally having a much easier time finding work, and one typically considered harder to automate, is health care. It accounted for almost all job growth in 2025 and now makes up a record share of US employment, at 15%. But industry groups argue that limiting access to graduate and professional programs will likely worsen existing shortages. "The health-care graduates are going to be in better shape than a lot of other graduates," says Joanne Spetz, a health economist at the University of California at San Francisco. But fewer may go to graduate school because of the new borrowing caps, she adds, which could affect long-term supply.

For Stone, who like other students already in grad programs is not affected by the new caps, going back to school is a way to buy time and credentials in a weak job market. But for those coming up behind her, the ability to do so will increasingly depend on family resources, scholarships or riskier forms of borrowing.

"Students in this class are the guinea pigs for this generational policy change," says Peter Granville, a fellow at the Century Foundation, a left-leaning think tank. "There are two big risks: Students may borrow risky private loans, which they wouldn't have had to do under the old law, and others will turn their backs on promising career paths because of this change." **B**

Dorm Room Entrepreneurs Take Off

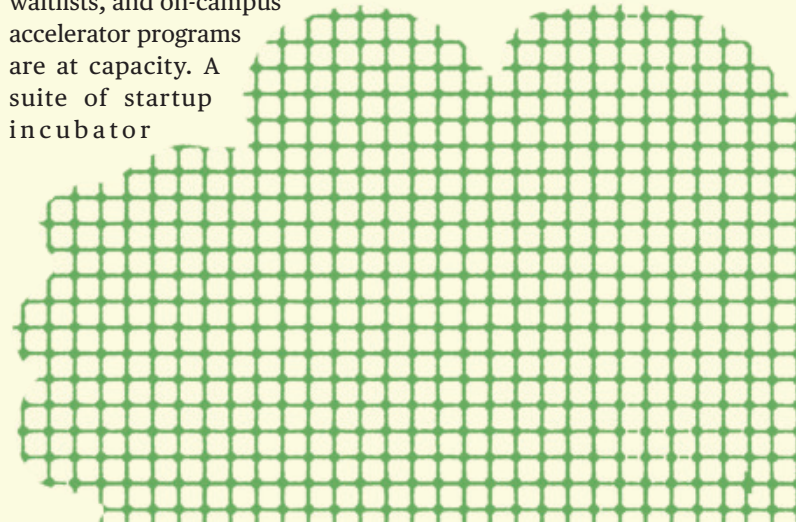
Starting your own thing can build your résumé—and maybe get you paid too

By Jo Constantz

Most college students spend their first semester adjusting to lecture hall classes and navigating life away from home. Now more of them are doing that while also conducting market research, building prototypes and figuring out how to file a certificate of incorporation in Delaware.

Dhruv Shajikumar was still in his first semester at Carnegie Mellon University when he started building an artificial intelligence platform for consulting firms. He took a leave of absence from school in January, and by the end of that month the 18-year-old and his co-founders had raised about \$2 million in pre-seed capital. "Honestly, I was expecting to finish my first year," says Shajikumar, who enjoyed campus life and joined a fraternity. But everything happened fast. On some calls, he says, investors committed 10 minutes in.

At universities across the US, undergraduate entrepreneurship classes once considered niche are now packed, with long waitlists, and on-campus accelerator programs are at capacity. A suite of startup incubator



programs at Johns Hopkins University that attracted 50 applications five years ago drew interest from more than 860 hopefuls this school year.

AI is one major reason for entrepreneurship's growing appeal. The technology is radically lowering barriers to entry, speeding the process of testing concepts and building prototypes—creating big opportunities for those who act fast. Another factor is the dismal entry-level job market for new college graduates.

Jill Tipograph, a career coach who works with college students and recent graduates, says that as internships and jobs get harder to land, more of her college-age clients are turning to entrepreneurial side gigs to build their résumés. Even if their efforts don't pan out, the initiative and resilience it takes students to get even a modest venture off the ground can impress prospective employers and set them apart in a sea of candidates, she says.

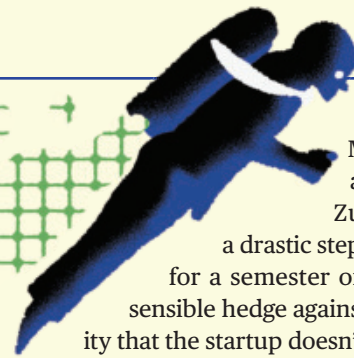
At schools already popular with would-be founders, like Stanford University, what's changing isn't so much the interest level as it is "the speed and scale of capital" flowing to student-run startups, according to Charles Eesley, an engineering professor and co-director of the Stanford Technology Ventures Program.

"Students used to take a decade to found companies. Now they're going from classroom to \$4 million in three months," he says. Two of his undergraduates took their AI health-care software idea, hatched as a class project, to influential startup accelerator Y Combinator. They were live-testing their concept in hospitals before they even came of legal drinking age.

Venture capitalists, meanwhile, have started to smell the opportunities on college campuses. Many funds are investing earlier, currying favor with undergrads through campus visits and direct messaging on LinkedIn. Some firms have launched startup accelerators that recruit college students, rather than waiting on typical Silicon Valley imprimaturs like a stint at Google.

The result is often exceptionally favorable terms for the investors. "They want to come in at a valuation that's really low, because you're a college student and you don't really know what a valuation means," says Akeil Smith, who founded a software startup while at Carnegie Mellon. "They'll take a lot of equity really early on."

Like Shajikumar, Smith also opted to take a leave of absence from school rather than drop out. Although quitting school added to the mystiques of famous founders including Steve Jobs,



Bill Gates, Michael Dell and Mark Zuckerberg, it's

a drastic step. Taking leave for a semester or two offers a sensible hedge against the possibility that the startup doesn't take off. The

Massachusetts Institute of Technology is among the schools reevaluating leave policies and developing programs to support students who want to take a semester off.

More VC firms are catering to budding entrepreneurs who are set on completing their studies. San Francisco-based IOVC specifically courts people in the process of turning side hustles into full-time work—"fractional founders," it calls them. Last fall, Y Combinator launched a program called Early Decision that allows students to secure a spot in a future cohort.

"A lot of students are viewing leaves of absence the way that more traditional students might view a study abroad," says Kyle Judah, executive director of the Liu Idea Lab for Innovation and Entrepreneurship at Rice University.

"Rather than studying, traveling and partying abroad, we're seeing more Rice student founders take a leave of absence to spend a semester at a hacker house in San Francisco or Boston."

Undergraduate enrollment in entrepreneurship courses at Rice more than doubled over the past three years, Judah says. And the number of teams applying to the university's in-house accelerator has also already doubled from the 65 applications submitted last school year.

Rice junior Ege Halac, who started school with plans of becoming a neurosurgeon, says he was ultimately drawn to technology as a way to solve more systemic problems in medicine. He's now working on a startup building autonomous drones capable of organ delivery.

When a few of Halac's pre-med friends weren't able to land the kinds of clinical research gigs they needed to get into medical school, they too started their own side projects, he says. Some saw it as an empowering alternative to a potentially dead-end job search. "And then they find that, 'Oh, well, this is actually more fun,'" he adds.

Like many students, they're keeping their options open. Carnegie Mellon senior Avalon Sueiro, who's set to graduate in May, has been applying for jobs while she builds a simulator to help political campaigns figure out what issues to focus on and what messaging will be most effective—the sorts of strategic questions small campaigns typically can't afford to hire consultants for. Even if she isn't able to realize her idea postgraduation, she says, "at least I have something that I really care about on my résumé." **B**

Will India's Tech Graduates Pass The AI Test?

Infosys and other IT giants are overhauling recruiting to prioritize cutting-edge skills

By Saritha Rai



Risha Riyad joined Infosys in 2024

Amirul Islam is riding the wave of change sweeping through India's software services industry—a wave that threatens to cast many of his peers adrift. Freshly graduated from one of the prestigious Indian Institutes of Information Technology, Islam joined Infosys Ltd. in 2022 as one of the tens of thousands of code jockeys the tech giant recruits each year. Today the 26-year-old heads a team reporting directly to the company's chief technology officer; it's tasked with designing software that works with AI agents, robotics and vision systems.

The group's newest creation: a “vibe coding” tool embedded in Infosys' proprietary AI platform that allows the company's consultants to develop software for clients in real time by describing in plain language what they need it to do. This development could do away with the elaborate dance of slide decks and next-steps meetings that characterizes the work of the company's customer-facing staff. “They can build a working prototype of a solution within 30 minutes,” Islam says. He recalls how, at a recent meeting with a retailer, the Infosys crew delivered a usable app before the coffee in the conference room had gone cold. “The client went, ‘Wow,’” he recalls, flashing a gap-toothed smile.

AI won't entirely replace engineers, Islam says, but it will doom “coders who don't have the ability to articulate newer problems.” Even for someone who's filed four AI-related patents in the past year, the pressure is palpable. “There's fear,” he says. Everyone is dogged by the same question: How do I keep up?

India's \$315 billion IT industry is one of the main engines of the country's economy. For decades, coveted jobs at Infosys and competitors HCL Technologies, Tata Consultancy Services (TCS) and Wipro offered millions of college-educated Indians a path into the upper middle class. The work involved building software systems for foreign airlines, Wall Street banks and Silicon Valley giants.

But these stalwarts are caught up in an existential crisis. Rapid advances in artificial intelligence have called into question whether software companies even have a future. The release of specialized

PHOTOGRAPHS BY GAYATRI GANJULI FOR BLOOMBERG BUSINESSWEEK

versions of Anthropic PBC's Claude AI assistant and autonomous agentic AI tools in February unleashed a global "software-mageddon" that wiped out about \$800 billion in stock value in a single week. India's Nifty IT index plunged almost 20% for the month, its biggest drop since the 2008 financial crisis.

For Infosys and India's other outsourcing companies, which largely operate on a billable-hours model, the advent of AI-powered autonomous coding tools that are more widely accessible and deliver speedy results demands that they radically rethink the way they do business. Speaking to investors in February, Infosys Chairman Nandan Nilekani said, "This technology transition is so dramatically different from anything else we've seen," partly because the pace of AI's adoption is outstripping that of computers or the internet. "The fundamental challenge is how to take your workforce and make sure they're reskilled and ready," said Nilekani, one of seven Indian engineers who founded the company in 1981.

On Infosys' 81-acre campus on the outskirts of Bengaluru, where some of the buildings are modeled on architectural icons such as the Louvre's glass pyramid and the Sydney Opera House, the AI panic feels distant. Employees sip milky filtered coffee at the MDP Coffee House in the morning and, when lunchtime nears, head to one of more than a dozen food courts for a company-subsidized meal of paneer do pyaza—cheese cubes floating in an oniony, spicy sauce—or chicken kebab, chased with mango kulfi for dessert.

But even in this oasis, the calm may not last long. A report by McKinsey Global Institute estimates that 30% of job hours in India could be automated by 2030. Infosys terminated the contracts of hundreds of trainees last year, and TCS announced it was cutting 12,000 jobs worldwide, mostly in India. (It's worth noting that McKinsey and others say AI could also create opportunities for India's tech firms.)

Presently, India's global advantage as an IT hub rests on its ample supply of computer science grads who command salaries that are a fraction of those in the US and other English-speaking countries. India's universities churn out more than



The Infosys campus in Bengaluru

1.5 million of them annually—the most of any country. Yet studies show that for years a large portion of these newly minted engineers haven't been equipped to succeed in the workplace without additional training. A 2025 survey by consultants Mercer-Mettl indicated that only 42.6% of graduates were job-ready, a slight dip from 44.3% in 2023.

Efforts to revamp university curricula and deepen collaboration between institutions and employers are gaining traction, but they have to contend with the inertia of India's sprawling education system. Jimit Arora, the Dallas-based chief executive officer of Everest Group Ltd., a research firm that serves the tech industry,

says AI will cause career trajectories to diverge, at least initially. "The gap between the folks who can adopt AI and those who can't will increase," he says. "Graduates who treat AI as a force multiplier rather than a replacement will find a steeper but more rewarding career path."

Infosys hired 20,000 graduates last year and plans to take on a similar number in 2026. But it's overhauled its recruiting practices. A college pedigree matters less than a student's acumen as measured by their digital footprint across coding and AI communities such as GitHub, Hugging Face and Stack Overflow, says Sushanth Tharappan, the head of human resources. "AI will disrupt, but the ►

“Graduates who treat AI as a force multiplier rather than a replacement will find a steeper but more rewarding career path”

◀ question is at what speed,” he says. “It’s Darwinism. Not the survival of the strongest, but the survival of those who adapt the fastest.”

Training chief Satheesha Nanjappa joined Infosys in the mid-1990s as a 22-year-old college grad and went on to build the company’s sprawling training center, which was inaugurated in

2005 in Mysore, a two-hour train ride south-southwest from Bengaluru. Back then, “we trained joinees in three tech stacks—mainframe, Java and Microsoft technologies,” he recalls. “In 2026 we offer 45 tech stacks including agentic AI and data engineering with AI.” At the training, which runs anywhere between 19 and 23 weeks, recruits take part in a four-step programming challenge. Their performance determines their entry-level pay, which ranges from 360,000 rupees to 2.1 million rupees (about \$3,800 to \$22,700) a year.

Chandan Animi joined Infosys last summer. His computer science curriculum barely touched AI, he says, but within months on the job, he was using AI agents—autonomous systems that observe, act and self-adjust—to build a chatbot for a US manufacturing giant. “AI

does a lot of the work, or guides step by step on what to do,” says the lanky, mustachioed 22-year-old.

No longer do teams spend months planning, designing, coding and testing. Tools such as GitHub Copilot, powered by Anthropic’s Claude and OpenAI’s GPT models, cut down the process dramatically, leaving humans to focus on strategy, fine-tuning and so-called AI governance, ensuring the technology is deployed safely and responsibly. “What once took six or seven months now takes less than three,” says Risha Riyad, who in her 18 months at Infosys has already worked on several agentic AI projects.

Riyad, 25, says a couple of her younger cousins have asked her whether studying computer science is even worth it. Her answer: “Probably not. Focus more on learning AI.” **B**



Islam supervises a team that built a vibe-coding tool

■ PHOTOGRAPH BY GAYATRI GANJU FOR BLOOMBERG BUSINESSWEEK ■ ILLUSTRATION BY DANIEL ZENDER



Where the Boss Got Started

By Kate Krader

Everyone remembers their first meaningful job. Sometimes it's scooping ice cream in high school, or it's the first stretch in a real office after college. In this month's CEO Diet, it's the hard-won lessons learned that continue to underpin success today.

David Solomon, CEO of Goldman Sachs

"I started at Baskin-Robbins when I was 15 years old and kept working there until college. I loved interacting with customers. You learn a lot about serving people when you work in customer-facing retail, and I carried some of those foundational lessons throughout my career. One was the value of focus and paying attention. When the line was long, I needed to get the flavor and toppings right."

Ariela Safira, founder and CEO of mental-health-care platform Zeera

"My first job was as a kids' karate teacher. Mr. T was the studio owner. Every time a child walked onto the mat, he'd throw his arms in the air and shout their name. He remembered everyone's birthday and celebrated each one as if it were the last. He hugged everyone. He simply loved people and taught me to do the same."

Kenneth Himmel, president of Related Ross

"When I was 14 years old, I started as a busboy at the Salem Country Club [in Massachusetts] and worked my way up to server. Every day I left school at noon to work double shifts until 8 p.m. I maintained this routine for six years. I learned the value in creating an experience: both from a business perspective but also to appreciate it as a guest."

Katerina Schneider, CEO of wellness and supplements brand Ritual

"At my first job, at Lehman Brothers, the largest bank failure in history, I saw how people overleveraged themselves—buying fancy houses, nice cars, living beyond their means. It never sat well with me, and it became a good life lesson in the beauty of modesty. I also learned about how not to get burnt out. If you are specific about doing work that aligns with what you find interesting and gratifying, you can work much harder for much longer without burning out."

Billy Hult, CEO of Tradeweb Markets

"I was a betting clerk at an OTB [off-track betting] in the South Bronx. I sat behind the plexiglass booth. People would come in and give me \$200 to bet on their favorite horse. It taught me how to process information and think quickly."

Andrew Macdonald, president and COO of Uber

"At a local public nine-hole course [in Thornhill, a Toronto suburb], I'd spend hours scrubbing the golf carts by hand (no headphones, just repetition), so I created little games in my head to make the time pass. Soon, those games became incentives. It taught me that even the most routine work can feel meaningful if you set goals and make it your own."

Bing Chen, CEO of Asian Pacific community nonprofit Gold House

"The Walt Disney Co. taught me two lessons: If you can't organize papers, you can't run budgets; if you can't run budgets, you can't produce films; if you can't do the 'small' things, why would we entrust you with the big ones? And from my longest-term professional mentor, Rich Ross (former chairman of Disney Studios), 'If you're in the room, we already think you're impressive. Your job is now to be memorable.'"

David Karandish, founder and CEO of AI-powered support platform Capacity

"My first real job was on *The Apprentice: Martha Stewart*, which is not exactly a traditional on-ramp to a career. For seven intense weeks, it was an 11-out-of-10 crash course in competition, endurance and execution. Long days, sleep deprivation and creative problem-solving were everywhere. Watching a billionaire like Stewart operate in her element drove home how high the bar actually is and how little patience there is for ideas that don't translate into action. I learned early that business rewards tenacity and stamina."

Robin Vince, CEO of BNY

"My first job was at IBM in their Paris headquarters as an intern, teaching executives how to use what were then some of the new Microsoft tools. I didn't have much experience using PowerPoint, but they asked me to learn and teach others. That same principle has been a through line throughout my career, saying yes to things that might have intimidated me at the time. It's a principle I've most recently applied to AI. I had to invest in my own learning before we could bring the company along."

Mary Cannon, co-founder and co-CEO of pickleball club chain CityPickle

"As a packer for Bekins Moving Co. during high school, one of the most valuable lessons was the importance of teamwork. You don't finish a long, hot summer day until everything is loaded onto the truck, so when I was finished packing, I started moving boxes. That shared responsibility stuck with me. I also learned the importance of prioritization and details, what a customer would need within the first 24 hours. Essential items like house keys can easily go missing. A carefully labeled box is everything during a move."

Cathy O'Brien, CEO of Naturopathica

"I worked at Elektra Records for the head of marketing and creative services after college [with artists like Notorious B.I.G. and Usher]. The chief financial officer called me into his office one day and told me to always count my pennies. I was in charge of ordering supplies for the team, and he made me walk through each item to explain why it mattered and why it was needed at that moment. We crossed most things off the list."

Gregg Lemkau, co-CEO of BDT & MSD and a board director of BlackRock

"Working construction as a summer job in high school—I was not particularly good! I'm not sure how much actual constructing they let me do. Did lots of demolition and carried lots of things that were much heavier than me. On the bright side, I learned the power of disposable income as I blew my summer earnings seeing Van Halen in concert four nights in a row." 🍷



Mercor co-founders
Adarsh Hiremath
and Brendan Foody
in San Francisco

Their First Job Might Wipe Out Yours

Mercor was hatched by twentysomethings who'd never held a real job. It's now a \$10 billion company training AI to replicate every white-collar professional

By Tom Foster

When Tasha Kozak, a social worker for the Hillsborough County Public Schools in Tampa, met the family, they were living in a car. The three children's grades had been slipping. The mother was exhausted. The father was out of the picture. Kozak began helping them connect to housing resources. She checked in with the children every couple of days at school. She called the mother every three or four. After several months the family found stable housing. The children began to improve in school. "I saw the mom got her glow back, and she started getting more consistent work shifts," Kozak says.

Moments like that are why Kozak does the work. She didn't set out to become a social worker, but after taking an elective in it in college, she changed her major, and more than a decade later, she still calls social work her passion. The job, she says, is about listening, connecting, helping in a way that feels instantly meaningful. In her view about 70% of effective social work is that human, relational component. The rest is administrative.

On many evenings, after finishing her full-time job with the district, Kozak logs in to a website called Mercor. The San Francisco startup Mercor.io Corp. recruits workers in high-skill fields—doctors, lawyers, investment bankers, journalists, social workers, you name it—to help teach artificial intelligence systems how to do their work. The company places these experts in part-time or temporary contract roles to work on training projects for major tech companies and AI labs, clients that have included OpenAI, Anthropic and Meta. It's like the Uber of advanced AI training: a gig-work platform for white-collar and skilled professionals that offers a path for them to earn something extra from their expertise—at the risk of eventually sacrificing their careers to AI.

Like many of Mercor's contractors, Kozak first heard about the company through a LinkedIn job posting. School had just let out for the summer in 2025, so she had spare time, and she was curious about the rise of AI. She landed an interview and found herself on camera talking to an AI agent with a gentle female voice and a surprisingly natural, conversational style. When Kozak described a specific case she'd handled, the agent followed up with targeted prompts—"Tell me more about the parent in that situation"—with the kind of probing detail she was used to hearing from human supervisors. Two weeks later she was working on her first assignments, and today she earns as much money training AI for 20 hours a week as she does in 40 hours helping actual families. "Social work is a very underpaid occupation," she says.

Her work for Mercor is methodical and narrow. Kozak is part of a virtual team that writes prompts for an AI model to perform specific social work tasks based on fictitious case files—for instance, asking the AI to produce a social developmental history of an elementary school student who needs an individualized education plan. The case file includes notes from a parent interview, a student interview, a review of student records and a doctor's report. Another team reviews the AI's responses, and still another handles additional pieces of

the training process. There are hundreds of people on the project, Kozak says, maybe more; her team alone includes about 40 contractors. Hour by hour, highly segmented task by task, they translate professional judgment into training data.

Across the US, other professionals are doing the same. In San Francisco a doctor of internal medicine named Melania Poonacha works 50 to 60 hours a week as a full-time pediatric hospitalist on the night shift and logs in to Mercor on her days off for an additional 10 hours or so, asking an AI model to interpret lab results and evaluating its work. In Baton Rouge, Louisiana, the novelist and screenwriter Robin Palmer Blanche started evaluating AI-generated creative writing for voice and structure last August. Palmer Blanche, a mother of two who's struggled to make a living from writing since the 2023 Hollywood writers strike, is part of a large swath of Mercor workers who are underemployed in their professions and use the platform to patch together income. She sometimes finds herself chatting with a Mercor teammate on Slack, only to realize there are other novelists doing it too—"Oh, my God, I read that woman's book last year and fell in love with it."

Mercor has tens of thousands of such experts working on its platform, screened using those AI-run interviews and project-specific skills tests and practice tasks. In the three years since the company started, it's raised almost \$500 million in venture capital from a who's who across Silicon Valley and finance, including Benchmark, General Catalyst, Peter Thiel, Jack Dorsey and Larry Summers. The most recent round of funding, in October, valued Mercor at \$10 billion, five times what it was thought to be worth just a few months earlier. According to the company, it's been profitable since its inception, it pays out more than \$2 million per day to contractors, and it has about 300 full-time employees, largely engineers and project managers. The founders—Brendan Foody, Adarsh Hiremath and Surya Midha, three early-20s college dropouts who were buddies in high school—have become the youngest-ever self-made billionaires, at least on paper. Mercor's rapid rise has also brought controversy, including several class-action lawsuits now moving through California courts and a recent data breach that raised questions about how the company handles sensitive information and led one of its clients—Meta—to indefinitely pause its work with the startup.

If Mercor and its backers are right, the company is uniquely positioned to help AI become the economic force Silicon Valley has been promising. Most of what's been seen from AI so far, they argue, has been something of a dazzling consumer demo. Going beyond that—making the technology perform reliably in professional fields where mistakes carry real consequences—is fundamentally about feeding the models better training data, says Sundeep Peechu, managing partner at the VC firm Felicis Ventures, which led Mercor's two most recent funding rounds. "The first generation of data was from the internet," he says, "and that allowed companies to build very general-purpose models." But for AI to become "truly economically useful and not just a toy thing," someone has to get humans to tell the model, step by step, how they actually do their work.

There are plenty of workers who view Mercor as a grim final stop to monetize their expertise before professional extinction

At this moment it's not hard to understand why people are so willing to feed the machines that might one day render them obsolete. Anxiety about job loss is everywhere: Job openings in professional and business services have fallen by more than a million from their post-pandemic peak in 2022, according to the Bureau of Labor Statistics. About 42% of recent college grads are underemployed, according to a 2025 report from the Federal Reserve Bank of New York, and a study last year by the American Psychological Association found that 54% of US workers are experiencing significant stress about job insecurity. Mercor's listings—sometimes ads from the company itself and sometimes from third parties using Mercor links that allow them to collect referral fees—saturate LinkedIn and other job boards, offering a respite from all that. Mercor says its average hourly pay is about \$90, though the range is wide, from generalists barely scratching minimum wage to elite coders or Ph.D.s making \$250 or \$300 per hour. Someone working on Mercor projects full time at \$90 per hour would earn almost \$190,000 a year.

There are plenty of workers who view Mercor as a grim final stop to monetize their expertise before professional extinction. Kozak doesn't see it that way, saying her reason for doing the work is far more practical. She envisions herself offloading social work's tedious 30%—the paperwork, the reports—so she can spend more time doing the parts that can't be automated: coaching someone through a bureaucratic maze, gaining a grieving mother's trust. She worries about the potential for AI to develop “systematic biases”—say, overlooking cultural differences—but sees her training as all the more valuable for that reason.

Dr. Poonacha is more explicit about the stakes for her own career. “I am doing this just because I don't want to become obsolete,” she says. Medicine is evolving rapidly, and “AI is going to be part of that evolution, whether we want to participate in it or not.”

“If history has taught us anything about revolutions and productivity, it's that productivity is the tide that lifts all boats,” Brendan Foody declares one morning in February. The sandy-haired 23-year-old co-chief executive officer and co-founder of Mercor has the standard techno-optimist's conversational habit of jumping from earthly matters—in this case, the field of management consulting—to historical analogies ▶



PHOTOGRAPH BY ZACK WITTMAN FOR BLOOMBERG BUSINESSWEEK

Social worker Kozak, who moonlights as a Mercor AI agent, in St. Petersburg, Florida

◀ and abstract principles. Asked how a future McKinsey & Co. consultant, replaced by AI, would gain expertise without the traditional entry-level drudgery, Foody zooms out to a main-stay Silicon Valley position: Two hundred years ago, when most Americans were farmers, the tractor didn't destroy work; it pushed people into different kinds of employment. AI will do the same, he says—eliminating some tasks, yes, but ultimately creating more value, more opportunity, more progress. History offers some support for that view, but the path from one kind of work to another has rarely been painless or quick. “We need to cure cancer and solve climate change and go to Mars,” Foody says. “And I think humans will work on a lot of those things once we have more productivity in accounting or whatever these more back-office functions are.”

From where Foody sits—in a glass-walled conference room on the 33rd floor of a San Francisco skyscraper—the bay extends beneath him in miniature, with container ships sliding past and ferries carrying commuters to innumerable office buildings. From this height the physical economy looks less like the labor of millions of individuals living full lives and more like a table model whose tiny pieces could be shuffled with mere keystrokes. “Instead of being Luddites and leaning against the technology, we should instead focus on what are the jobs of the future that we need to lean into,” he says.

Foody acquired his rhetorical instincts as a competitive debater and perpetual hustler in high school in San Jose, where he met Hiremath and Midha. All three were raised in tech industry households: Hiremath and Midha are the sons of Silicon Valley engineers; Foody's father founded an interactive graphics company, and his mother worked in Meta Platforms Inc.'s real estate division. As high schoolers, Foody earned “hundreds of thousands of dollars” as a consultant for sneaker resellers, while Hiremath was geeking out on computer-vision research. (Midha declined to speak to *Bloomberg Businessweek*.)

By their second year of college—Hiremath at Harvard University, Foody and Midha at Georgetown—the three figured they'd learned enough and applied for a Thiel Fellowship, which pays kids \$200,000 to leave college and start companies in fields such as cryptocurrency and human longevity. “I think people overestimate the value you get out of a four-year degree but underestimate the value you get in one or two years,” Hiremath says. “The bulk of the personal development just comes from living on your own for the first time.” Knowledge acquisition is even less relevant today than it was three years ago, he says, “because knowledge is just kind of free in ChatGPT. The knowledge that I want I can just obtain with a couple of prompts.”

The three had just begun to zero in on AI training when they started the fellowship in early 2024. The company's original idea was a far more sweeping version of LinkedIn: The labor market might be the most inefficient marketplace in the world, Foody figured, with billions of people looking for work, millions of companies looking for talent and no central clearing-house connecting the two. Mercor would build a kind of global labor aggregator where everyone everywhere could apply and interview and be vetted for every job, and algorithms would

If you were a job seeker on LinkedIn last fall, Mercor suddenly seemed to be everywhere. Listings offering hundreds of dollars an hour to lawyers, doctors and programmers flooded the platform

Thiel in March



match workers to opportunities with near-perfect precision. In Foody's telling, even the concept of a full-time job with a single employer was something of a relic. What companies actually needed were discrete units of expertise—tasks that could be broken apart, distributed and completed by whoever in the world happened to be best suited to them. To make any of that possible would require assembling an extraordinary amount of data about people.

They began with an AI-powered tool for screening software engineers that served as a prototype for the far bigger system they imagined. They changed focus, though, when AI companies began to need not only engineers but also other domain experts who could help train and test the models. Mercor built a tech platform to host the training itself, and demand exploded. Venture capitalists, eager to fund anything tied to

the AI boom, started calling. Mercor raised \$3 million in early 2024, led by General Catalyst; it raised another round every six or eight months after that—\$30 million, \$100 million, then \$350 million last October.

Foody, Hiremath and Midha were also working around the clock, encouraging their growing team to adhere to a schedule known as 996—in the office from 9 a.m. to 9 p.m., Monday through Saturday. (The regimen first became popular in China in the 2010s as the country built out its tech industry; it's now illegal there.) Felicis investor Peechu says Foody and his partners were so hard to pin down that he eventually flew with them to Las Vegas on a Sunday—the one day they weren't working—to drive Ferraris on a racetrack, just so he could get a little uninterrupted time with them on the plane.

The founders weren't old enough to drink at that time, and none of them had ever held a professional job—but the hundreds of millions of dollars being plowed into their coffers came with a mandate to remake the very nature of white-collar work. In Silicon Valley, that didn't raise any alarms about naiveté or blind spots. Quite the contrary. Adam D'Angelo, a Mercor investor who became Facebook's chief technology officer at age 22 before co-founding Quora, says he asked Foody at one point about his work experience. Foody said he'd had an internship one summer. "Perfect," D'Angelo said. "Your mind isn't corrupted by the conventional way of doing things."

Over the past year, criticism of Mercor's platform has become a refrain in online forums, news reports and court filings—beginning, as these things often do, with anonymous online posts. Reddit, in particular, contains no shortage of grievances from contractors who've cycled through the platform: Projects are "chaotic, disorganized and unpredictable." Workers are "treated like human cattle." The company is "building the plane while flying."

Contractors sign strict confidentiality agreements before beginning work, and many fear being removed from projects if they speak publicly. They gripe about Slack channels full of motivational chatter and rocket-ship emoji from project managers but few concrete answers about when work will arrive or advance notice when it stops. Like many forms of digital piecework, Mercor's projects are closely measured and monitored while they're underway, with software tracking productivity and time spent on each assignment. It turns out some jobs pay not by the hour but by the task.

A frustrated contractor *Businessweek* spoke with, who asked for anonymity because he'd signed one of Mercor's non-disclosure agreements, has been job hunting for almost a year for a full-time position to make use of his master's degree in physics. After he joined Mercor, his first contract paid \$30 per task, but he soon learned that the time it took for him to complete tasks—anywhere from an hour to a full day—was often far greater than the company's estimates, making the pay too low to justify the work. It's a variation of a complaint that surfaces online about hourly projects too: Contractors sometimes quietly do part of their work off the clock to keep their

productivity numbers in line with company benchmarks out of fear of being "offboarded," Mercor-speak for getting booted. A Mercor spokesperson says that "many experienced contractors prefer task-based work because increased efficiency can lead to higher effective hourly earnings."

Last fall one Mercor contractor dispute spilled into the press when *Forbes* reported that thousands of people working on a large project were abruptly locked out without warning. Several hours later, some said, they were invited back to continue the work—but at pay rates roughly a quarter lower than before. Mercor disputed the accuracy of the claims and said it was working to offer more predictability. The company also alleges that some of the people who complain about being let go are simply liars. "We've found cases where people have been doing no work or doing time fraud," Hiremath says. "We have demonstrable evidence of them committing fraud, but they still post about it on Reddit when their contract has been eliminated."

As criticism of Mercor has grown, lawsuits have followed. One of the complaints, filed late last year by a finance professional named Michael Cox, who worked on Mercor projects, lists OpenAI as a co-defendant and accuses the companies of running what it calls a "scheme to misclassify workers" while exercising the kind of control normally associated with an employer. According to the filing, Mercor required Cox to install productivity-monitoring software on his computer, creating a "level of surveillance ... so intrusive as to trivialize the notion that this was a legitimate independent-contractor relationship." In another passage, the complaint says the company's alleged neglect of employment norms was "so brazen as to almost, by definition, constitute willful misclassification." (Mercor and OpenAI haven't publicly responded to the suit, and a Mercor spokesperson says they "don't plan to at this time"; two other suits against Mercor make similar misclassification claims.)

Meanwhile, if you were a job seeker on LinkedIn last fall, Mercor suddenly seemed to be everywhere. Listings offering hundreds of dollars an hour to lawyers, doctors and programmers flooded the platform, prompting another wave of social media speculation—this one less about working conditions than about whether the whole thing was real. Some users began posting on various sites speculating that the listings were an elaborate data-harvesting scheme in which fake applications and AI interviews were designed to collect valuable personal information. Mercor says that this isn't the case and that it uses interviews only to evaluate candidates' skills for jobs on the platform.

And, again, the company suggests its critics are the scammers. Foody says the LinkedIn deluge wasn't about Mercor harvesting data but about a few high-volume fraudsters harvesting referral fees, because it pays users to bring new contractors into the fold. "There were probably 10 people specifically that were causing problems," he says. In October, Mercor banned referrers from using the name Mercor when they post job ads for the roles on LinkedIn. Still, postings from third-party referral outfits have continued. Mercor listings from ►

“We believe that a large portion of what humans do in companies is going to transform to training agents”

◀ one such organization, a recruiter called Crossing Hurdles based on the outskirts of New Delhi, are a constant presence on LinkedIn. A Mercor spokesperson tells *Businessweek* that “Crossing Hurdles has no official affiliation or partnership with Mercor. They post roles on various job sites using their Mercor referral link.” (Crossing Hurdles didn’t respond to multiple requests for comment.)

Mercor made another change last fall. It moved its third co-founder, Midha, into a new position, chairman of the board, handing his previous role running operations to a more seasoned executive, Sundeep Jain, a former chief product officer at Uber Technologies Inc. Invoking his previous employer, Jain says that the complaints circulating online aren’t surprising and that early-stage marketplaces rarely distribute work evenly. “There will be some drivers that will be busy all day and others that’ll be a little bit less busy,” he says. Communication hiccups, payment disputes, mismatched expectations: “Those are classic problems of a marketplace.”

But on March 31 the young company, growing at breakneck speed and reliant on a handful of high-profile clients, experienced something far worse than a hiccup. Mercor disclosed that attackers had infiltrated its systems in a sprawling supply chain hack. The breach, coming through a corrupted open-source developer tool called LiteLLM that thousands of companies use, struck at the core of Mercor’s business. As much as 4 terabytes of data, including possibly training data and users’ personal information, were exposed, according to online posts from the hackers. The company announced it was “conducting a thorough investigation supported by leading third-party forensics experts,” but the fallout was swift: Along with Meta pausing its projects with Mercor, contractors assigned to those projects suddenly found themselves without work. In the first week after announcing the breach, Mercor was hit with five lawsuits accusing it of failing to protect contractors’ data.

Mercor declined to respond to *Businessweek*’s questions about the origin and extent of the hack and its impact on clients and users. OpenAI, Anthropic and Google didn’t respond

to requests for comment on whether they’re now reevaluating their relationship with Mercor.

Beyond the messy day-to-day mechanics of atomizing jobs into training tasks is a bigger question: Are the machines actually getting good enough to do the work themselves? In the past year the AI industry has tried to answer that question, mostly with a growing ecosystem of “evals,” or evaluation frameworks. Like a standardized test, an eval measures a large language model’s math ability, reasoning or factual accuracy—but not typically the kinds of specific, judgment-heavy tasks that white-collar workers do all day. Mercor has developed its own test, a project called APEX (AI Productivity Index), that attempts to do just that. It measures professional performance and then posts the results on the web for anyone to follow as a kind of industry leaderboard. As Foody put it when announcing the initiative last October, “AI can pass the bar exam. But can it redline a contract?”

To build APEX, Mercor has worked with some of its most accomplished contractors to design short professional scenarios and problems in five fields so far: law, medicine, management consulting, investment banking and software engineering. Advisers overseeing the effort include Harvard law professor Cass Sunstein, cardiologist Eric Topol and former McKinsey global managing partner Dominic Barton. Former Treasury Secretary and Mercor investor Larry Summers was, until recently, also affiliated with the project. Beneath them is a larger bench of experts—more than a hundred lawyers, bankers, consultants and clinicians—who build and review the actual test cases. The models do the work, and their responses are graded against expert benchmarks to see how close they come to professional quality.

One case, for instance, centers on a fictional wellness company expanding overseas. A Google Workspace contains the kind of unwieldy digital paper trail a junior consultant might inherit on the first day of a project—sales data, customer surveys, cost projections and strategy memos scattered across spreadsheets and PDFs. Mercor’s experts prompt AI models to answer strategic questions, such as calculating how rising ingredient costs might affect pricing or recommending an expansion strategy, and define what the correct answer should look like. Then the work becomes even more granular: building a checklist, or rubric, of precise criteria the model’s output must satisfy. Only once the prompt and rubric are complete do the models attempt the task, their answers graded against the rubric line by line. So far the models fall short. The best can produce useful work in certain areas, but they’re not exactly reliable employees. Mercor’s own research notes that top systems still “struggle on complex real-world tasks, failing to meet the production bar.”

The results mirror what other attempts to measure AI’s real-world impact have been finding. In March, Anthropic released a chart that compared what AI systems appear capable of doing with how often they’re actually being used on the job. The gap was striking, and the chart went viral.



Mercor recruited Jain, Uber's former chief product officer, to be its operations head this fall

White-collar knowledge-work fields looked highly exposed to AI in theory, but in practice only a small slice of the work was being handled that way in the real world. The research drew criticism for its methodology (for one thing, the measure of AI's theoretical potential is inherently subjective and doesn't account for logistical or legal hurdles to adoption), but the basic takeaway—that AI still has a long way to go—was hard to dispute.

Meanwhile, Mercor says it's seeing marked improvement in APEX scores as the AI giants release upgrades. A recent ChatGPT model tops its current rankings, but "Opus is the one that has blown us all away," says Foody, referring to Anthropic's Claude Opus 4.6, which performed 18% better

than its predecessor after just a few months. Still, even though APEX tries to approximate real professional scenarios, forcing agents to navigate complex environments and choose the right tools for a given task, it's more structured than the open-ended work people actually do. Gartner analyst Vuk Janosevic says APEX is a "credible bridge between lab performance and business usefulness." But he cautions that a high score on this benchmark "does not prove that the system can be governed and integrated at scale inside a live process."

And then there are the human aspects of the work that APEX may never be able to measure. When Dr. Poonacha examines a patient, for instance, a surprising amount of information comes not from lab reports or imaging but from touch. A trained hand on an abdomen can detect subtle tension or swelling that doesn't appear in a chart. "I just don't think AI is going to be able to do that," she says.

Still, Kozak's notion that only 30% of her social work will be replaced by AI might be wildly optimistic. Investors are certainly hoping so. When Jack Dorsey's financial technology conglomerate, Block Inc., laid off 40% of its workforce in March—ostensibly because of efficiency gains from AI—its stock soared 20%. Mass layoff announcements at Meta and Amazon.com Inc. have been met with similar pops in the stock price. After all, the market optimizes for shareholder value, not professional enrichment. Kristalina Georgieva, managing director of the International Monetary Fund, has warned that AI will affect roughly 40% of global jobs in "the next few years."

Foody argues that the transition will ultimately create new categories of work. And what kinds of jobs are those? "We believe that a large portion of what humans do in companies is going to transform to training agents," he says. Mercor is already gearing up to cash in on that future. Earlier this year the company elevated Hiremath to co-CEO and began pushing into a new line of business, helping corporations deploy agents. Mercor is pitching itself as a sort of agent-implementation partner, not designing agents itself but building the guardrails to steer that AI in the right way. This opportunity, Hiremath says, is enormous, and it could give the company a far larger client base than a few AI labs. "All the Fortune 500, all the Fortune 1000, could want to integrate models into their own workflows," he says. "And they're kind of clueless." In this model, Mercor is suddenly also in the technology consulting game too.

While Mercor makes a play for an even bigger part of the white-collar workforce, its contractors sometimes find themselves pondering what Poonacha calls "very dystopian" implications. What if patients begin to trust AI over their physicians? What if wealthier people continue to have access to human doctors, and poorer people just get the AI ones? Mercor's new operations head, Jain, meanwhile, is consumed by imagining the limitless number of disciplines and workflows still left to automate. Chefs and private investigators are already in progress, and any number of supposedly AI-proof trades such as plumbing are no less exposed than, say, medicine. "If there is a ceiling," Jain says, "we're nowhere near it." **B**

Can Red Lobster Stay Afloat?

With a hot new CEO and comeback vibes, the chain's turnaround seems to be working. Behind the scenes is a very different story

**By Eliza Ronalds-Hannon and Anders Melin
Illustration by Danielle Del Plato**

On one of his first days as chief executive officer of Red Lobster, Damola Adamolekun made a bold prediction. The restaurant chain had just emerged from bankruptcy and was bleeding customers and cash. Uncertainty awaited its roughly 30,000 employees, many of whom had gathered for a town hall in late summer 2024 to meet Adamolekun, their sixth CEO in three years. “We’re going to execute the greatest comeback in the history of the restaurant industry,” he told the crowd.

Adamolekun was an unlikely pick to turn around this faded national icon. He was a 35-year-old Nigerian-born MBA who’d worked mostly in finance, with a brief stint leading P.F. Chang’s. A Black rising star with Wall Street chops, Adamolekun embarked on a publicity marathon to sell his story. He landed on the pages of the business press and appeared on network morning TV shows. He hobnobbed with lifestyle influencers at Red Lobster’s flagship restaurant in New York’s Times Square. And he gave podcast interviews on everything from his daily 4 a.m. runs to his ideas for ginning up a menu item to appeal to NFL stars Travis and Jason Kelce. Clad in fitted suits and stockpiled with charisma and confidence, Adamolekun cultivated the impression that he was just the man to restore Red Lobster to glory. “There’s very little evidence,” he told Charlamagne tha God on his *Breakfast Club* radio show last year, “of me not excelling at anything that I’ve tried to do.”

Red Lobster, founded in 1968, once defined American casual dining, with more than 700 restaurants in the US and abroad at its peak. Since the early 2000s, an explosion of alternatives, including Chipotle Mexican Grill Inc. and other fast-casual companies, has eroded its market share, along with those of its peers like TGI Friday’s. Then came the kind of financial engineering that’s hollowed out so many consumer brands. Wall Street pressure pushed Red Lobster’s longtime parent, Darden Restaurants Inc., to sell the chain; over the next decade it was passed around to various owners and investors, getting stripped of its quality and real estate along the way. The pandemic followed, which roiled the restaurant industry. Rebounding would be hard under any circumstances, but today it’s even worse. Restaurants catering to the middle class have been badly hit by inflation and a financially strained customer base. “Even in the best of times, turning around a chain like Red Lobster isn’t easy,” says David Henkes, senior principal at industry researcher Technomic. “They could be doing everything right, but it’s still a tough time for casual dining.” Which may be why Adamolekun has hedged his prediction: It could be the greatest comeback in restaurant history—if he pulls it off.

When Adamolekun was hired by Fortress Investment Group, the latest financial firm to inherit the chain, his priority was to stanch the bleeding by getting customers in the ►



◀ door. He applied a fairly standard playbook to lure diners: Streamline the menu, amp up happy hour, encourage staff to deliver a more upscale experience. Meanwhile, he set about overhauling the perception of the brand, making himself the face of it, including starring in a new ad campaign. In late February, *Business Insider* published a glowing profile of Adamolekun, lauding his performance and turnaround efforts and crediting “the Wall Street wunderkind CEO” for Red Lobster’s “having a moment.”

What’s been lost in these premature declarations is that Red Lobster’s operational and financial mess remains. Onerous real estate arrangements mean roughly 100 chronically unprofitable restaurants are draining any profit the rest of the chain brings in. While monthly sales are up from the prior year, Red Lobster has lost money in four of the last five quarters and has struggled to turn a profit for years. It also has to contend with years of underinvestment in its restaurants, but with little capital for renovations or hiring, employees have been asked to spruce up aging dining rooms with little but brooms and mops. The chain has cut costs by axing executives, combining roles and even getting rid of discounted gift cards for staff.

Some close to Fortress expected that these measures, combined with a sales rebound, would quickly make the chain profitable. By late last year any such hopes were withering, according to conversations with more than a dozen current and former executives, employees, investors and other people familiar with Red Lobster’s long decline and current strategy, all of whom asked for anonymity to discuss confidential details about the closely held company. Last year it posted a net loss, and sales were at least 20% below pre-bankruptcy levels. Unless the chain can reduce its rent or exit those unprofitable restaurants, many of the people say, the turnaround seems doomed to fail.

How much time Adamolekun has to fix this depends on Fortress. All told, Fortress and Red Lobster’s other two co-owners—investment firms Blue Torch Capital LP and TCW Group Inc.—have invested about \$500 million, but the chain is going to need more cash, according to the people interviewed by *Bloomberg Businessweek*. (Representatives for Fortress and TCW declined to comment, while representatives for Blue Torch did not respond to requests for comment.) Adamolekun says the turnaround is on track, but “there’s still lots to do.”

Yet Fortress and the chain’s other owners have grown reluctant to write more checks. As of December, TCW had reduced its valuation of Red Lobster’s equity by 98%, marking the stake it holds in a private credit fund at less than \$1 million, according to regulatory filings. “Fortress is trying to make this work, but they aren’t going to continue to throw good money after

bad,” says a person close to Red Lobster, who wasn’t authorized to speak publicly about the situation. Whether they continue to fund its turnaround will depend on Adamolekun’s ability to prove he can stop the chain’s decline. “If he can’t turn it around, there’s no way they’re going to allow Red Lobster to lose money forever.”

Restaurant entrepreneur Bill Darden opened the first Red Lobster in Lakeland, Florida, with a simple goal: Serve no-frills, high-quality seafood that a family of four could enjoy for less than \$20. The chain spread from the Southeast to California at a time when affordable seafood wasn’t as common or widely available between the coasts, offering an ambience that was formal enough for a business meeting and informal enough for jeans. It became part of the fabric of hundreds of communities, welcoming Black patrons and employees from the very beginning, and becoming a go-to for everyone from

young couples on dates to the Sunday church crowd. In 1970, General Mills Inc., looking to diversify, bought the growing chain and expanded it nationwide. The restaurant earned a reputation for offering reliably decent food and service, with hits including popcorn shrimp and its annual Lobsterfest. The chain plateaued in the ’90s as it contended with mounting competition from Applebee’s, Olive Garden and other rivals. It didn’t thrive, but it endured. “Red Lobster kind of staked out a territory and lived in it,” says Bill Chidley, co-founder of brand consultant ChangeUp.

In 1995, General Mills spun off its dining business as Darden Restaurants Inc. Two decades later, Red Lobster began its journey into a vortex of financialization and brand-gutting. Under pressure from activist investors, Darden sold the chain to private equity firm Golden Gate

Capital. As part of that deal, Red Lobster’s restaurants and the land they stood on were sold to property investors, locking the chain into long leases that, according to company filings and bankruptcy court records, were priced above market rates and came with annual increases. Darden and Golden Gate both benefited from the sale, with the private equity firm booking the equivalent of a 40% annual return when it sold half of its stake two years later to Bangkok-based seafood company Thai Union Group Pcl, according to people with knowledge of the matter. Golden Gate, which declined to comment, sold the remainder of its stake in 2020, to Thai Union and other investors. Thai Union had supplied Red Lobster for years, but as its new owner, the company seemed more interested in selling seafood through the restaurants and its supermarket-branded frozen products than in breathing new life into the chain. It had also never run restaurants in the US before, and the investment proved



Adamolekun at a Red Lobster in Orlando

PHOTOGRAPH BY JOSH ABRONSON FOR BLOOMBERG BUSINESSWEEK ■ DATA: BLOOMBERG SECOND-MEASURE, EACH OBSERVED TRANSACTION REPRESENTS A DISCRETE PURCHASE EVENT DERIVED FROM US CONSUMER CREDIT AND DEBIT CARD TRANSACTION DATA

ill-timed when the pandemic decimated Red Lobster's revenue.

Later that year, when Red Lobster needed to refinance a loan that was coming due, its request landed on the desks of a team at Fortress. Fortress operates largely in private credit and private equity, with high-profile bets including investments in Florida railroads and low-cost Japanese housing. The firm mostly invests in or lends to midsize companies and real estate assets, not struggling dining chains. But it saw promise in Red Lobster's growing takeout and delivery sales and the gradual reopening of its restaurants. Fortress decided to lend it about \$275 million—bringing private credit firms TCW and Blue Torch in to provide part of the loan—hoping the business could bounce back quickly.

It didn't. Instead, Red Lobster became a drag on Thai Union's results, until it appeared the only upside was that the chain kept buying its shrimp and other seafood. In 2023, Red Lobster made Endless Shrimp—previously a seasonal promotion—a permanent menu item for about \$20. It was also accused of buying shrimp for the promotion directly from Thai Union at above-market rates, bypassing normal procurement procedures, without securing a backup supplier, according to a sworn bankruptcy court declaration and a person with direct knowledge of the matter. (Thai Union didn't respond to a request for comment, but it disputed those claims during the bankruptcy.)

Challenging Americans to test the limits of their appetite was a bad idea. People flooded the restaurants to scarf down shrimp and boast about it on social media. "I could only stay for 4 and a half hours but I think I got my \$27 worth," one user captioned a TikTok video, liked 33,000 times, of herself eating 108 shrimp. "In 10 hours I had 200 pieces of shrimp for only \$25," another TikTok user bragged to his 500,000 followers, adding that he used the bathroom seven times. The promotion not only perplexed Red Lobster employees and outside observers alike, including at Fortress, but also caused shrimp shortages at dozens of restaurants, the person with direct knowledge of the matter says—a cardinal sin for a seafood chain. And it helped erode Red Lobster's cash balance, causing the chain to default on Fortress' loan in late 2023.

By then the troubled loan was the responsibility of Morgan McClure, a Fortress managing director experienced in distressed restaurant takeovers, and he was prepared. Fortress had lent on terms allowing it to replace the chain's board if the finances worsened. Now it exercised that right. Thai Union, meanwhile, wrote down its entire investment, signaling

Red Lobster was a lost cause. In May 2024 the chain filed for bankruptcy—kept afloat with an additional \$100 million loan from Fortress and its two partners, at an interest rate of about 15%—and put itself up for sale. When no outside bidders emerged, only Fortress and its partners remained. The trio, which gained control of the battered American chain when it exited bankruptcy four months later, committed an additional \$70 million to help kick-start its recovery.

Fortress never planned to rescue Red Lobster from bankruptcy, but paying less than \$500 million for a business with roughly \$2 billion of annual revenue seemed like a decent deal to the firm and its partners. The investment firm already owned Logan's Roadhouse, Old Chicago Pizza & Taproom, and other restaurants and breweries—also acquired through debt that became ownership in bankruptcy—and figured it had what it took to salvage another one. Plus, Red Lobster was the only national seafood chain in the US. When Fortress turned to industry experts for advice, it came across a hot new name in the restaurant scene with an impressive made-it-in-America story: Damola Adamolekun.

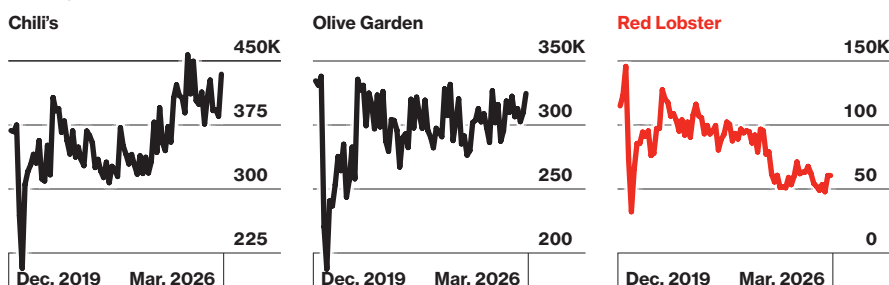
Adamolekun and his family emigrated from Nigeria and settled in Springfield, Illinois, when he was 9. Sometime afterward, as he'd later tell Charlamagne tha God, his father took him to a local barber shop, where he noticed the owner was driving an S-Class Mercedes-Benz. It became a defining moment for him. When Adamolekun marveled that no hairdresser in Nigeria could've afforded such a luxury, his father explained that in America, if you're the best at what you do, you can do really well.

While studying economics at Brown University, Adamolekun led the student investment group, then got a job at Goldman Sachs Group Inc. and went to Harvard Business School. He was hired by Paulson & Co., whose founder, John Paulson, made a fortune shorting US housing before the Great Recession. At Paulson, Adamolekun focused on investments in retailers and consumer companies, and in 2018 he began examining P.F. Chang's, which after an impressive run was facing declining sales. Almost half of Chinese food sales in the US are from takeout, delivery or catering, but only a fraction of P.F. Chang's revenue came from off-premise dining, Adamolekun told his bosses; fixing that mismatch could generate lots of new revenue. In March 2019, Paulson's hedge fund and a private equity firm bought the chain, and Adamolekun joined its executive team to oversee strategy.

His bet on takeout, both prescient and lucky, helped keep the chain afloat during the pandemic. He also led a fleetwide remodeling project inspired by Tao, a swanky New York City restaurant. Adamolekun left in 2023 with a reputation for turning the chain around, though in reality, P.F. Chang's was still barely making enough money to cover its interest payments the year Adamolekun departed. (Last year, S&P Global ▶

Red Lobster Is Being Left Behind

Monthly observed transactions in the US



◀ Ratings cut its credit rating to CCC+, near the bottom of the scale and back to where it stood when Paulson's hedge fund acquired it.)

Still, McClure liked Adamolekun's story and tapped him to provide Red Lobster with some turnaround advice. Soon he emerged as the top CEO candidate. Some close to Fortress urged it to hire someone more experienced, but to the owners, Adamolekun seemed a good fit. He'd just led a struggling dining chain; he was young, polished and appeared suited for a public-relations-driven revival. It couldn't hurt that he was Black and might appeal to one of Red Lobster's core customer groups. In a podcast interview last year, Adamolekun summed up the CEO interview process with Fortress: "Basically, I presented a plan. They were like, 'We like your plan, please come execute it for us.'"

One morning in February 2025, six months after Adamolekun's appointment, restaurant manager Traci Mullen stood in the parking lot of the Red Lobster in Orlando near company headquarters. She squinted into the Florida sun and pondered her to-do list, which mostly involved paint. Mullen had just painted the frame of the restaurant's lobster tank, but the scuffed parking lines needed a do-over. And years of guests' pressing open the red front door had worn down its color, baring the wood. That needed a refresh too. But now she was waiting for her new boss.

If Red Lobster were to fail, it would hardly be a devastating financial blow to Fortress, though the firm could become known as the Wall Street player that bungled an iconic American brand's revival

Adamolekun pulled up in a Lexus SUV. Wearing his usual uniform—a dark suit and a white shirt—he stepped out and shook hands with Mullen. He walked into the restaurant, its door held open by an employee, and greeted the staff, chatted with customers and sat down to break his typical morning fast over Cheddar Bay Biscuits and lobster flatbread.

His diagnosis of what had gone wrong at Red Lobster: an accumulation of bad decisions made by different owners over many years. The question is how to turn that around and attract repeat visits; entice new, especially younger, customers; and set Red Lobster apart in the sea of sameness of dining chains. And this at a time when casual dining is less viable than ever, capturing only about a quarter of US restaurant sales, down from a third in 2008, according to Technomic data.

It comes down to the guest experience and the food, Adamolekun says. He can't afford to hire more staff, but with his new service regimen, "Red Carpet Hospitality," he can ask the team to do things like chat with diners and send them off with a refill of iced tea to go. "How long do I wait at the host stand? Am I seated quickly?" he asks. "Am I gonna wait for a drink, or get my Cheddar Bay Biscuits hot and right when I sit down?"

Then there's the revamped menu, which he's hoping will draw a new crowd. Adamolekun has trimmed it by 20%, to cut costs and make service more efficient, and added

bacon-wrapped scallops, lobster bisque and other trendier items, while keeping affordable options such as the \$15 shrimp linguine. He's also introduced \$5 happy hour drinks and brought back the popular hush puppies, which were removed a few years ago. By summer the company had introduced seafood boils—a dish rooted in Black Southern cuisine—which became a hit, though they were hardly ideal for luring budget-conscious diners, given the price tag of as much as \$55. And he's keenly attuned to feedback: Within a week of customers calling for more heat in the seafood boils, he added a spicier sauce option.

Last year, Red Lobster also unleashed that expensive, Adamolekun-centric marketing blitz. He'd hired a new chief marketing officer, Nichole Robillard, who tried giving the brand a pop-culture boost—forming a partnership with the WNBA's Chicago Sky, running commercials with NSync's Joey Fatone and former NBA player Blake Griffin, introducing cocktail collaborations with rappers Dr. Dre and Snoop Dogg, as well as courting influencers. And Adamolekun was suddenly everywhere—from professional-development podcasts to TV commercials to TikTok—breaking through in ways few restaurant CEOs ever have.

In July the company shot a commercial featuring Adamolekun in a restaurant, grinning into the camera and introducing himself on a first-name basis. After thanking customers and employees, he signs off: "Stay hungry, keep commenting, and we'll keep cracking." The video, which was also posted on

social media, went viral, drawing more than 9 million views on TikTok—multiples more than the chain's other content—and scores of gushing comments. "BLACK EXCELLENCE!!!" reads one. "No ring on your finger, no ring on my finger ... Funny," reads another. "THIS is how you run a company," a third commenter writes. "I don't even like Red Lobster but I'm taking my family to keep him winning."

Vibes alone can't fix the company's two big problems: aging restaurants and those onerous leases. It's been at least a decade since the brand's last major renovation, and restaurants typically need some sort of reboot every five years or so, says John Gordon, a principal at restaurant adviser Pacific Management Consulting Group. Upgrades can include replacing antiquated point-of-sale systems, worn-down bathrooms, silverware or stovetops. Renovating a single Red Lobster could cost \$500,000 or more, according to people familiar with the chain's needs, and it has nearly 540 locations. Many also need new roofs and HVAC systems.

The longer a beleaguered chain delays these improvements, says Technomic's Henkes, the more dangerous it is for the brand. "It creates a death spiral," he says. "You're skimping on things, cutting back on maintenance, not investing in new equipment, dishes are chipped. It creates this snowball effect where

customers think, ‘I used to love to go there, but now it’s gotten kind of shabby.’” Adamolekun knows this, of course. “If I had a magic switch and unlimited capital,” he says, he’d “remodel all the restaurants and make them fresh.” But right now he doesn’t. “That’s going to take a bit of time.”

A big reason for the lack of money involves the chain’s lease costs. Just a few landlords own hundreds of Red Lobsters, including those roughly 100 chronically unprofitable ones. The landlords have a mix of profitable and unprofitable locations under their respective master lease agreements. That means Red Lobster, even in bankruptcy, couldn’t cancel leases just for its money-losers, closing them but keeping the rest. It tried to close around 250 locations when it filed for Chapter 11 but was stymied by landlords, according to people familiar with that effort. Some of the struggling units are in areas that have fallen out of favor, while others face growing competition from new rivals. Mostly the rent is just too high, and the money-losers burn through more cash than all the rest make combined.

Adamolekun has to find a way out of those leases. He says talks are ongoing but declined to elaborate. “We’re working towards it,” he says, pointing out that the landlords also have an interest in Red Lobster’s survival. “If the company is not around forever, you might lose those leases.” Red Lobster says sales in February were up 12.5%, but that’s compared with somewhat dismal results in the prior-year period. Without a change to those leases, does the chain even have a shot at a turnaround? “We’ll work through it,” Adamolekun says. “It’s the most important structural piece, but there’s a lot of other things that we’re doing to improve the business, and it all goes in tandem.”

For now, Fortress and its partners hold the keys to Red Lobster’s future. Having burned through much of its owners’ post-bankruptcy investments in just over a year, the chain probably needs tens of millions more to get through the next year. But a confluence of recent events at Fortress, which has the biggest stake, suggests it might be wary of investing more.

Three years ago, Fortress’ top managers teamed up with Abu Dhabi’s sovereign wealth fund to buy the firm back from its biggest shareholder, SoftBank Group Corp. The deal marked the start of a new chapter at Fortress, with goals to double its assets under management and expand into new lines of business with new leaders at the helm. Past investments are being reevaluated, including Logan’s Roadhouse and burger chain Krystal Restaurants LLC, both of which the firm recently put up for sale. In September, Fortress co-CEO Joshua Pack, who’d helped oversee the firm’s restaurant portfolio, died suddenly, rattling staff at some of those companies. By February two Fortress executives, including McClure, the managing director involved in the

Red Lobster takeover, were leaving the firm and stepping down from the restaurant chain’s board. A Red Lobster spokesperson declined to “speak to Fortress’ internal decisions,” adding that, “to us, this is business as usual.”

Red Lobster has also been churning through members of its C-suite, many of them recent Adamolekun recruits. Late last year the chain let go of Robillard, the marketing chief, after only 14 months on the job. Some close to Fortress had questioned whether Red Lobster made Adamolekun too central to its marketing and it had become too dependent on him as a result. Around that same time, the company disbanded its advisory board of industry experts and laid off its chief technology officer and other executives. In March, Red Lobster replaced its relatively new chief financial officer with a longtime P.F. Chang’s executive. It also hired another P.F. Chang’s alum to oversee domestic and international franchising and licensing, looking for ways to off-load some restaurants from its balance sheet and eke out more revenue by selling, say, more branded items in the grocery store. (By early spring, it was also planning to resurrect a limited-time Endless Shrimp promotion—the very all-you-can-eat offering that helped tip the chain into bankruptcy.)

Neither the changes at Fortress nor the turnover at Red Lobster seems particularly promising for the chain. And Fortress and its partners don’t have any easy options—without writing more checks, they will likely have to fight their way out of leases, resort to another bankruptcy to shed them, or sell the chain in whole or in parts. If Red Lobster were to fail, it would hardly be a devastating financial blow to Fortress, though it could become known as the Wall Street player that bungled an iconic American brand’s revival. After all, other beloved fast-casual chains have in recent years managed to pull off dramatic turnarounds, most notably Chili’s, which has used cheaper menu items and social media campaigning to help record 19 straight quarters of same-store sales growth.

Adamolekun suggests more money will come—as long as he can demonstrate the investment will be worthwhile. He and his team spent several months developing a plan for remodeling restaurants, and in recent weeks got Fortress and its partners to agree to let him overhaul three locations. That leaves more than 500 to go.

He has repeatedly touted Fortress’ support as a key factor in Red Lobster’s turnaround, suggesting that, if the firm’s commitment wanes, his could too. Like any CEO, he’s under no obligation to stick around. “Part of my role is to show this is a business worth investing in,” he says. “Now, if I make that case, and I believe it, and I’m not getting a positive reaction? Then, you know, this is at-will on all sides.” **B** — *With Jonathan Randles*



A lobster tank at the Orlando location



TRUMP'S 'FAKE NEWS' ENFORCER

**FCC Chair Brendan Carr is pointing his MAGA
flamethrower at Jimmy Kimmel, Stephen Colbert
and the American news media**

**By Kelcee Griffis
Photo illustration by Scott Gelber**



Not long ago a group of Georgetown University alumni found themselves obsessing over a curious bit of Washington gossip. Brendan Carr, President Donald Trump's head of the Federal Communications Commission, was claiming to be a fellow member of the class of 2001. Lately, Carr had been everywhere in the news, butting heads with Jimmy Kimmel and Stephen Colbert, and appearing in feverish cable news segments. Yet no one in the alumni group remembered meeting him or even hearing about the guy back on Georgetown's small, chatty campus.

To solve the mystery, they pulled out their senior yearbook and started flipping through. Among the sections devoted to Georgetown's many political groups and student activities, there was no sign of Carr. But eventually they found what they were looking for. Toward the back of the book, in a slightly sorrowful list of unpictured students, was a single mention of his name. Sure enough, Carr had graduated by their side, largely unnotable and unnoticed.

The finding only piqued their interest further. How could such an attention-shy, seemingly apolitical person have morphed into the strident and outspoken front man for the political upheaval rocking DC? At the time their curiosity was widely shared. Inside the Beltway, people were puzzling over Carr's midcareer

transformation from a staid, low-profile telecommunications lawyer into the feared national enforcer of Trump's escalating war with the press.

Carr's sudden notoriety might be most surprising to Carr himself. "I never had a goal, even from a young age, of politics," he says. On a Wednesday morning in November, Carr sits on the 10th floor of the FCC headquarters, a couple of blocks from Union Station. His office is strewn with MAGA trinkets, including a challenge coin Trump gifted him during a recent trip to Mar-a-Lago and a pass he collected flying aboard Air Force One.

When he was growing up, Carr says, his chief ambition was to land a comfy job at a big law firm and spend his career bringing in new business. But instead, he says, a series of "Gump-like experiences and opportunities" had propelled him up the ranks at the FCC. By the time he reached the top of the institution he'd come to cherish, a particularly tumultuous, anti-institutional fervor was sweeping through the federal government led by Trump and a technology billionaire wielding a chain saw. Reflexively, Carr realigned to assist the team coming into power and vowing to dismantle Washington. "One thing that I wanted to do is leverage the fact that I've been here for a dozen years," Carr says. "I know how the place works."

By the fall of 2025, *Saturday Night Live* and *South Park* were mocking him as a media-manipulating Trump minion. In February, Colbert was calling him a "smug bowling pin" on national TV and flashing a photo illustration of Carr in the nude with a cactus covering his nether regions.

Colbert's flurry of insults came during a drawn-out dispute between the late-night host and his network minders at CBS over Carr's evolving interpretation of an old FCC rule governing broadcast interviews with politicians. Amid the dustup, Colbert's sit-down with James Talarico, a Democratic candidate for the US Senate from Texas,

was diverted from the comedian's Emmy-winning broadcast show to its YouTube channel instead—a downgrade of sorts that Talarico blamed on the Trump administration's crackdown on free speech, CBS blamed on Colbert's *The Late Show*, Carr described as a "hoax" and Colbert pinned on CBS's feeble capitulation to the "bullies" in Washington.

On March 14, Carr was courting controversy again. In a post on X he threatened to deny or revoke broadcast licenses from companies deemed to be publishing "fake news," in response to critical coverage of the US's war in Iran that Trump disliked. The next day, Trump said he was "thrilled" with Carr's campaign.

All the while, the actual story of Carr's journey to the top of the DC pecking order remained largely untold. Back at his office, Carr seems unrattled by the critical attention, which he tends to embrace in a sly, self-deprecating manner. Asked about the *South Park* episode—which portrays him as a bumbling Trump sycophant who ends up pantless in a hospital bed, wearing a pair of tight-whities smeared with feces—he offers a droll critique. The show ought to do better research, he says: "I wear boxers."

Carr, who turned 47 in January, was raised in the tony Washington suburb of McLean, Virginia. His mother, Barbara, was a clinical psychologist; his dad, Thomas, a defense lawyer at various white-shoe firms. In one career high point, the elder Carr worked for President Richard Nixon, providing services that, according to an obituary, his firm billed under the code "VCO"—short for "very challenging opportunity."

For vacations the family made regular trips to Colonial Williamsburg, to soak up the kitschy Americana, and to Europe for ski adventures. Carr family members recall their scrupulous patriarch meticulously scheduling the getaways. "Look at the *Mona Lisa* for four minutes," the elder Carr would say. "Move on." The Carrs were Catholic and conservative, but regardless of the broader political climate, Carr recalls that at home there wasn't partisan teeth-gnashing.



Carr and Trump at a SpaceX rocket launch

PREVIOUS SPREAD: PHOTOS: CSPAN, GETTY IMAGES; THIS SPREAD: PHOTO: BRANDON BELL/GETTY IMAGES
DATA: BLOOMBERG REPORTING

When it came to choosing a side, sports were front and center, not politics. Throughout his childhood, he rooted for the Baltimore Orioles.

In the fourth grade, Carr began attending the Potomac School, a private school in McLean known for its rigorous academics and crunchy, kumbaya vibes, an identity it maintains to this day. The school's website currently touts its commitment to diversity, equity and inclusion programs and shows off the campus's 90 acres of ponds, streams and nature trails, plus its three llama statues and *Dungeons & Dragons* club. Carr enjoyed his time embedded with the liberal, llama-loving types of Potomac. He describes himself as a shy, apathetic student who excelled at sports, playing soccer in the fall and golf in the spring.

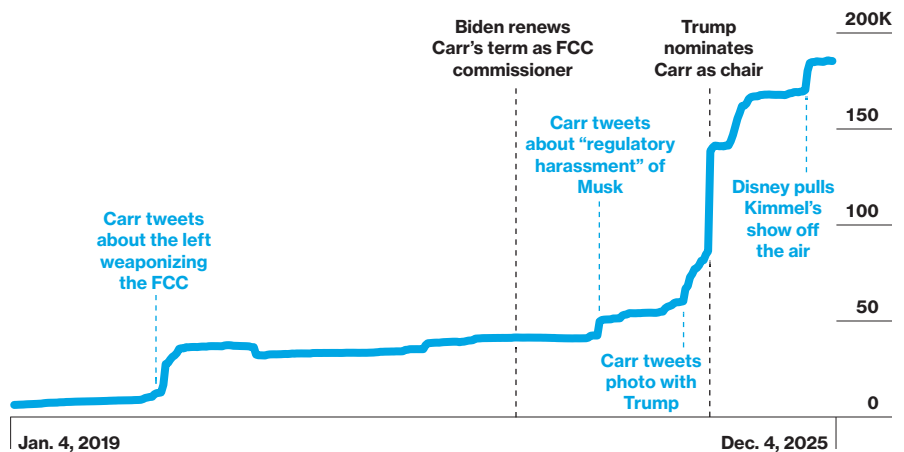
During his final two high school years, Carr was the goalie on Potomac's varsity soccer team, winning back-to-back regional championships. On the field he showed flashes of the belligerence he'd conceal for most of his time in school and at work, until Trump unleashed him. Carr was known as a zealously competitive team player whose fervor sometimes crossed the line. In his senior yearbook, the editors of the soccer team page stylized his name as "Brendan Red Card"—a reference to his multiple ejections from games for unruly behavior.

On the weekends, Carr would sometimes tag along to his father's law offices in the city. "After I got out of the phase of wanting to be a cop or a firefighter, the next thing that I wanted to be was a white-collar criminal defense lawyer," he says. "Because my dad was."

After high school, Carr stuck close to home. Following a year at James Madison University in Virginia, he transferred to Georgetown, his father's alma mater. Rather than moving into the dorms, he lived in a group house in Silver Spring,

Carr's Trump Bump

Total followers for @BrendanCarrFCC on Twitter and X



Maryland, with a crew of hometown buddies. In retrospect, Carr says, he wishes he'd made an effort to bond with more of the student body. Despite his commuter lifestyle and ghostly presence at the school, he grew increasingly focused on his studies. "I really started to enjoy the grind," he says.

After graduating, Carr spent a gap year as a paralegal, working for a firm located across the hallway from Bob Beizer, a former president of the Federal Communications Bar Association, a powerful force in the lobbying scene, who years earlier had bonded with Carr's father while they were young attorneys at Kirkland & Ellis. Beizer took Carr under his wing, advising him to attend law school at nearby Catholic University of America and to enroll in the school's telecom certificate program. The specialization track, Beizer suggested, was a career springboard into the Beltway's telecom-regulatory complex, a reliably lucrative field.

Carr heeded the advice, earning a reputation at Catholic as a sharp and career-focused student. The summer

after his first year, he got his initial taste of life at the FCC, working as an intern in its spectrum-enforcement division. It was unglamorous work, involving tasks such as writing citations for communications towers that lacked proper paint jobs and adequate lighting.

After graduating from law school in 2005, Carr landed a job at Wiley Rein, a telecom-focused law firm representing major clients including Verizon Communications Inc. and AT&T Inc. Before long, he was advancing on a partner track. But practically everyone there recognized he had bigger ambitions. In 2012, Carr left Wiley to become an attorney at the FCC.

Looking back, Carr says the move was partially inspired by advice from his father: For a Washington lawyer, the route to serious power, influence, connections and, later, money often runs through the inconspicuous back channels of government. (That ecosystem would eventually come to be known as the swamp or the deep state, terms of derision frequently used by Trump.)

At the FCC, Carr's doggedness and ►

"One thing that I wanted to do is leverage the fact that I've been here for a dozen years. I know how the place works"

◀ attention to procedural details caught the attention of Ajit Pai, a Republican commissioner in the minority under President Barack Obama. The pair bonded over Starbucks, and in 2014 Pai hired Carr as an adviser. “Brendan is a lawyer’s lawyer,” Pai said in a press release at the time. In 2017, when Trump’s victory propelled Republicans back into power at the FCC, the new president named Pai chairman, and Pai, in turn, promoted Carr to be the agency’s general counsel.

Since its founding in 1934, the FCC had taken pride in its equanimity and political independence, a tradition that largely held during Trump’s first term. Its biggest drama then was an ultimately anticlimactic skirmish over the so-called net neutrality rules governing how telecom companies managed the flow of traffic on the internet. The FCC otherwise managed to steer clear of the culture wars consuming Washington. When Trump panned Pai’s rejection of a big attempted merger between conservative broadcaster Sinclair Broadcast Group and Tribune Media Co. in 2018, Pai stood by his decision and reiterated the FCC’s independence.

The commission still treated racial and gender diversity in the telecom industry as a good thing. In 2018, Pai, the first Indian American to head the agency, advanced a proposal to expand the FCC’s oversight of its equal employment opportunity rules at broadcast stations. Carr backed him. When the subject of diversity came up at an industry event in 2018, Carr declared that anyone who believes the industry adequately represents the demographics of the country “isn’t walking around with their eyes open.” Behind the scenes he was congenial with the liberals around him. He developed a friendship with Tom Wheeler, the former Obama FCC chairman and an old friend of his dad’s. They’d meet for lunch at Kramers Afterwords Cafe, a progressive bookstore and restaurant in Dupont Circle, or at a cafe across the river in Old Town Alexandria.

Meanwhile, Carr was reaching across the aisle in other ways, particularly when it came to his sports allegiances. Whereas

most die-hard fans make their unyielding loyalty to their favorite teams a stubborn point of pride, Carr demonstrated his characteristic malleability of argument—the whole “lawyer’s lawyer” thing.

In February 2018, when Philadelphia won the Super Bowl, Carr was rooting for the Eagles, the despised division rivals

cleanup campaign ran headlong into a major obstacle: the president. After Twitter labeled a pair of his posts misleading, Trump was livid.

Two days later he signed an executive order to slash the broad legal immunity that social media companies enjoy under Section 230 of the Communications



Carr onstage with Charlie Kirk as the Village People perform Y.M.C.A.

of his childhood team in Washington. The following season, as quarterback Patrick Mahomes dominated the NFL, Carr switched to cheering on the Chiefs—goading Pai and former Democratic FCC Commissioner Geoffrey Starks, both natives of Kansas, with taunts that he was the agency’s biggest Chiefs fan. In 2019, Carr cheered for the Rams in their Super Bowl bid, then reversed back to the Chiefs before moving on to the ascendant Bengals in 2022.

Although Carr maintains he’s still a Commanders fan at heart, his constantly shifting loyalties to whichever team came out on top turned into a long-running joke at the FCC. “He was a bandwagoner,” says Pai, who remains loyal to the Chiefs despite their disappointing 2025 season. “And now that the tides have turned, he’s gone to what he considers to be greener climes.”

In May 2020, as both the Covid-19 pandemic and the presidential election gained steam, and online misinformation ran rampant, Twitter executives announced they’d be fact-checking tweets. The

Decency Act. Trump said the new push was necessary to “defend free speech from one of the gravest dangers it has faced in American history,” and he charged the FCC with spearheading the new rules. Legal experts were divided over whether the FCC had any actual authority to intervene or whether the move was just political theater. In the chaos, Carr saw a chance to capitalize on a legal gray area and seize his own “very challenging opportunity.”

“He knows where he wants to get, but he’s not always set in stone on precisely how to get there,” says Thomas Johnson Jr., a partner at Wiley who was the FCC’s general counsel when Carr was a commissioner. “It’s a conversation: How do I get from A to B to C?”

For the first time in his life, Carr sought out the national spotlight. In a flurry of interviews with pro-Trump news outlets and hosts, including Fox News’ Tucker Carlson and Turning Point USA’s Charlie Kirk, Carr battered Twitter and Facebook for unfairly curtailing the president’s speech. “Twitter made the

decision to take on the president of the United States in a partisan political debate, and it did so in a really disingenuous way,” he said to Fox Business’ Lou Dobbs.

While he was at it, Carr raised his growing concerns about TikTok, the short-form video app owned by ByteDance Ltd., a Chinese company. During an appearance on the pro-Republican cable network Newsmax, he accused the Chinese government of using the video site to perpetuate a “global misinformation campaign” designed, among other things, to blame everybody but themselves for the spread of Covid.

To counter public outrage over the government’s pandemic response and the teetering economy, conservative cable news outlets were seeking reasonable-sounding pundits with mainstream credentials who could matter-of-factly argue for the merits of the Trump administration’s handling of the crises. Carr, with his sensible glasses, lawyerly demeanor and Georgetown pedigree, fit the bill nicely.

When the Biden administration took office in 2021, Carr shifted roles at the FCC again, this time becoming the top Republican on the panel. No longer subservient to a Republican chairman’s agenda, he started taking more aggressive swings at the Democrats. “Ever since it became clear to Brendan that he could possibly be Donald Trump’s next chair, he’s acted in service of that goal regardless of whether the FCC has jurisdiction or not,” says Gigi Sohn, a former adviser to Wheeler, the FCC chair under Obama.

About the same time, Carr happened upon the kind of opportunity to which his dad had alerted him years earlier—an example of how tending to a seemingly small patch of government can sometimes turn up a rare specimen of business megafauna. Carr and Elon Musk started to circle each other.

Like Carr, the billionaire had recently set out to tear down the liberal guardrails at Twitter. But Musk’s approach was proving much more effective. In October 2022 he completed a \$44 billion purchase of the company and promptly began reshaping the social network to

better amplify his increasingly pro-MAGA beliefs. Musk would also need allies at Carr’s agency, which must approve broadband satellite launches for his company SpaceX.

In 2023, Carr stood up for Musk, publicly denouncing FCC actions that would strip SpaceX of an \$885 million internet infrastructure award. Carr’s profile on Musk’s social media site soared, no small thing at a time when online influence was quickly becoming the new currency among government officials. In the summer of 2024, Carr posted a photo of Musk and himself on the site, now called X. The regulator and the disrupter stood side by side in front of a graffitied Cybertruck mural, their visions for the future of government also neatly aligned.

In November 2024, on the heels of his big victory, Trump picked Carr to lead the FCC. Unlike some nominees, Carr came in with a definitive plan. The previous year the Heritage Foundation had published Project 2025, an influential, 900-plus-page road map for jump-starting conservative policies under a new president. Carr contributed a lengthy chapter spelling out how the FCC should rein in Big Tech. Among other things, he proposed formalizing a national ban on TikTok and implementing a legal framework that would empower the FCC to pierce the immunity social media platforms enjoyed.

“The censorship cartel must be smashed into a billion pieces,” Carr wrote on X.

“Yes,” Musk replied, amplifying Carr’s message to his more than 200 million followers.

In the months ahead, Carr found even more ways to align himself with Musk, welcoming staffers from the so-called Department of Government Efficiency into the FCC, setting up his own DOGE-like task force internally and starting a “Delete, Delete, Delete” initiative that would go on to strike more than 130,000 words from the Code of Federal Regulations.

It seemed Carr had ascended into MAGA’s inner circle. On the eve of Trump’s inauguration, Carr appeared in a

tuxedo at the Turning Point USA gala, not far from Kirk onstage—and at one point he stood sandwiched between future FBI Director Kash Patel and Donald Trump Jr. Carr clapped along as the Village People performed Y.M.C.A. But the next morning there were warning signs that his flagship agenda items—namely, defanging Big Tech—were about to go up in smoke. Seated close to the president in the Capitol Rotunda audience were Meta Platforms’ Mark Zuckerberg, Amazon.com’s Jeff Bezos and TikTok’s Shou Zi Chew.

If the tech industry was pledging its allegiance to Trump, Carr would need to find a Plan B. That day the president signed an executive order to end “radical and wasteful” government programs that promoted diversity, equity and inclusion initiatives. Almost overnight, Carr announced that the FCC would drop all forms of “invidious” DEI promotion internally.

From there he branched out, sending an investigative letter to Comcast Corp. and its NBCUniversal unit demanding the company remove DEI as one of its “core” values. He then directed similar letters to Verizon, Disney’s ABC and others. Carr told Bloomberg News at the time that any transaction subject to FCC approval would be predicated on whether the companies had agreed to abandon their DEI programs. The demand got results. AT&T, T-Mobile and Verizon hastily committed to drop the language and programs Carr had singled out, and they subsequently had deals approved as a result.

The moves were easy to criticize as quid pro quo agreements that would inevitably hurt aspiring professionals who couldn’t simply attend their dad’s college, choose their dad’s profession and turn to their dad’s powerful friends for advice.

But angering the woke mob was sort of the point of Trump 2.0, and Carr gamely moved on in search of his next target: the news media. He revived a handful of complaints from a conservative watchdog alleging news distortion and bias by ABC, CBS and NBC over their 2020 election coverage—claims that Carr’s Democratic predecessor had dismissed. One ►

◀ complaint accused CBS's *60 Minutes* of editing a rambling interview with Vice President Kamala Harris to make her sound more competent.

Strategically it was the perfect moment for Carr to resurrect the charge. David Ellison, the 43-year-old founder of Skydance Media and son of tech billionaire Larry Ellison, was angling to buy Paramount Global, the parent company of CBS. Because the sale would involve a number of CBS broadcast stations changing hands, they'd need sign-off from the FCC. Carr's perch gave him maximum leverage over the billionaire family.

The elder Ellison was one of the richest people on the planet, a potential ally on par with Musk. Ellison had emerged as a would-be investor in a looming spinoff of TikTok's US assets. If that deal happened, Carr could check off one of the major goals he'd outlined for Project 2025. Meanwhile, Trump was suing CBS in federal court over the editing of the *60 Minutes* program—a long-shot case, legal experts noted, likely to be dismissed.

In theory the FCC's merger review process is supposed to run independently of any White House machinations. But while Trump negotiated a settlement with CBS, the agency kept quiet on the Paramount-Skydance transaction. Whenever he was asked about it, Carr said the agency was running through its normal process. Still, the lack of detail gave the impression that Carr was all but waiting for the president's go-ahead.

Sure enough, on July 2, Paramount settled the lawsuit with Trump for \$16 million. About the same time, the company announced it would be canceling CBS's late-night talk show starring Colbert. Three weeks later, Carr and the FCC approved the merger. If the timing appeared at all suspicious, it wasn't something that troubled Carr.



Over the years, the New York Yankees have invited countless celebrities to toss a ceremonial pitch. On a sunny August afternoon, it was Carr's turn. He strolled to the mound wearing brown chinos and waved to the crowd. Months earlier he'd weighed in on a festering contract dispute between Comcast and the YES Network, the team's pay-TV station. Carr later received an invite to Yankee Stadium. Now, with tens of thousands of fans looking on, the lawyer wound up and tossed a borderline strike.

In the months that followed, Carr routinely jumped on X to praise his new favorite team. So long, Orioles. "I became a Yankees fan long before I threw out the first pitch," he deadpans. "I became a Yankees fan when they asked me to throw out the first pitch."

A few weeks later, Carr's growing taste for the limelight landed him in the biggest controversy of his career. During an interview with pro-Trump podcaster Benny Johnson, Carr made the fateful suggestion that local ABC-affiliated stations should be free to dump Kimmel's late-night program. Days earlier the comedian had made remarks about the murder of Kirk, the far-right activist, comments that Carr described as "sick."

Carr wasn't just approaching a national issue from arm's length. He'd met Kirk and appeared on his podcast more than once. They'd grooved to *Y.M.C.A.* together. Carr told Johnson that when someone uses the public airwaves to advance a twisted conspiracy—in Kimmel's case, that Kirk's killer was aligned with the right—such programming doesn't serve local viewers, and stations shouldn't be obligated to carry it. The FCC, Carr said, could investigate, fine or even revoke the broadcast licenses of stations that carry content that doesn't meet the so-called public-interest

standard, a hazily defined ideal dating back nearly a century. "We can do this the easy way or the hard way," he said. "You could certainly see a path forward for suspension over this."

Things snowballed from there. Major station owners Nexstar Media Group Inc. and Sinclair Broadcast Group announced they'd take Kimmel off the air indefinitely. ABC's parent company likewise lurched into action. Ever sensitive to regulatory risks, Walt Disney Co. announced it was suspending Kimmel.

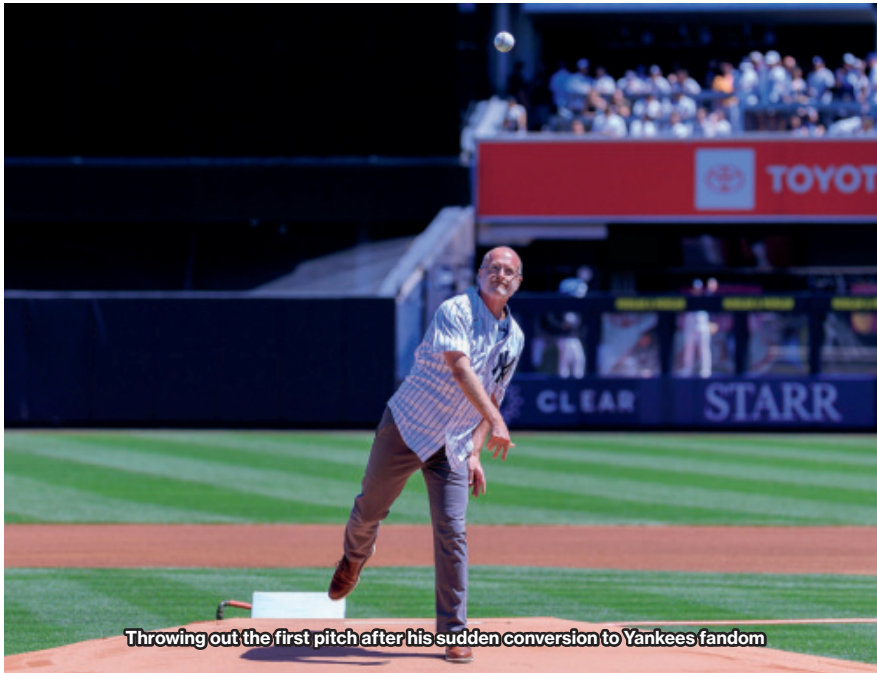
Trump was delighted. But the victory was short-lived. Amid a national outcry, and facing a wave of Disney+ cancellations in protest, the company hastily restored Kimmel. Back on the air, the comedian was hailed as a free-speech hero, and his return broadcast received record ratings. Meanwhile, politicians of both parties pilloried Carr. Senator Ted Cruz, a Republican from Texas, invoked the Mafia movie *Goodfellas*.

Carr saw railing against Kimmel as part of the job, but the unanticipated result, in this case, was a Category 5 news storm that might wind up defining his career.

Maybe the more consequential mark Carr will leave in Washington is his ceding of the agency's sovereignty to the White House. Pressed by lawmakers at a December congressional oversight hearing, he proclaimed the FCC wasn't, in fact, an independent agency. The president could remove him, he said, or any of his FCC colleagues, without cause. This ran counter to what the FCC itself has said. Senator Ben Ray Lujan, a Democrat from New Mexico, suggested that if the FCC's website misstated its independent status, someone should fix it. By the end of the hearing, someone at the FCC had.

Such distinctions, Carr's supporters say, are beside the point. Washington was changing. Civic institutions including the

"He was a bandwagoner. And now that the tides have turned, he's gone to what he considers to be greener climes"



Department of Justice and the Supreme Court were no longer immune to the growing sway of the executive branch.

On a Sunday night in December, Carr attended the annual awards show at the newly rechristened Trump Kennedy Center, this year honoring the likes of George Strait, Kiss and Sylvester Stallone. The night's festivities were broadcast on CBS and Paramount+, now controlled by David Ellison following Carr's sign-off. Carr spent the night watching the proceedings from prime real estate—box seats surrounded by other Washington luminaries. Trump was there. So too was Ellison, with other key network executives in tow. Carr describes the evening as “par for the course in terms of what FCC chairs do.”

In the end, the ratings for the night were abysmal, reaching a little more than 3 million viewers, according to Nielsen, an all-time low for the event. But for Ellison the public display of cozy proximity to Carr and Trump was ultimately of much more importance. The Ellisons were months into a sputtering effort to outmaneuver Netflix Inc. and acquire Warner Bros. Discovery Inc. for upwards of \$100 billion including debt. Even after Warner Bros. and Netflix reached an agreement, the Ellisons continued to push a hostile offer for

the company and pin their hopes on regulatory intervention, arguing to whomever would listen that they were better positioned than Netflix to win regulatory approval.

This time around, Carr wouldn't get to review the deal. Even so, he said he'd have major misgivings about Netflix's scale if it completed the acquisition. He said he had no such reservations about Paramount, a smaller streamer and bigger Trump ally. Paramount won the deal.

At the same time, the Ellisons were narrowing in on another victory in Washington. In January, ByteDance at last closed a deal to divest a majority stake in TikTok's US operations to a group of investors led by Larry Ellison's Oracle Corp. Wresting the app away from Chinese control had been at the top of Carr's to-do list. That the influential video app would be landing in the lap of a rich family intertwined with Trump's regulators was, arguably, just an added bonus. (Coincidentally, around the time of his interviews with *Bloomberg Businessweek*, Carr was wrapping up a fantasy football season in a league populated with current and former FCC colleagues. The name of his team was TikTok.)

As he kicked off his second year at the top of the FCC, Carr circled back to the broadcasters. In mid-January the

agency announced that talk shows and late-night programs hosting political candidates must grant their opponents equal time. Critics saw the move as yet another effort to shift TV programming in Trump's favor. Carr, by contrast, said it all goes back to a desire to restore balance to the airwaves.

He now acknowledges that there were other ways he could have gotten his points across about Kimmel that wouldn't have sounded so threatening. He says his words were mischaracterized, partly by Democrats looking to capitalize on a sound bite but also partly as a symptom of going on a long-form podcast and speaking in a more informal manner. Instead of invoking “the easy way” and “the hard way,” Carr says, maybe he could have said “quickly” or “slowly.”

Carr doesn't watch much late-night TV these days, preferring to spend his free moments devouring social media. Online, however, he can't always escape the pie-throwers in Hollywood. Whenever Kimmel or Colbert or *South Park* splatter him anew, people tag Carr on X, or his Google Alerts light up. He'll watch, he says, and usually crack up. “I'm not sure I laugh for the same reasons as others,” he says.

Away from the spotlight, Carr continues pressing ahead with the more mundane aspects of telecom regulation, the kind of bread-and-butter FCC issues that cable news hosts and late-night comedians have always been happy to ignore—reshuffling mobile carriers on the airwaves, writing new rules for satellite phone service, and expediting launch approvals so SpaceX and Amazon and other companies can expand their satellite internet coverage. All of which Carr sees as much more important than his relatively small docket on media issues. “The media loves talking about the media,” he says.

Carr is intent on downplaying his role in undermining the First Amendment. But try as he might, he realizes the Kimmel incident will likely stay with him to the grave. “When I die, they'll want to write an obituary like ‘Brendan Carr, famous for the Kimmel stuff,’” he says. “I'll be dead. I won't hear it. I don't give a s---.” **B**

THE CHANDELIERED BALLROOM OF THE SHANGRI-LA Singapore hotel was packed for Faiz Chowdhury's investor showcase. Chowdhury, the chief executive officer of Disruptive Technology Innovations, was on stage highlighting his startup's wide-ranging portfolio before introducing the evening's entertainment, Earth, Wind & Fire. DTI Holdings Inc., he told the crowd of 500, had made advances in artificial intelligence, personalized medicine, blockchain engineering and other fields. Its researchers were commercializing wearable health devices, cybersecurity services and electric vehicle batteries that could charge faster than those from Tesla Inc. Its work in nanotechnology and quantum mechanics could prevent cardiovascular disease and cancer. "We also have an invention and a scientific breakthrough that soon will make paralyzed people walk again," he said, according to a recording of the August 2019 event seen by *Bloomberg Businessweek*. "We do have a solution that also can make blind people see again."

Chowdhury's claims may have come across as especially over-the-top thanks to his co-presenter, Quantum Girl, a blond model clad in a silver bodysuit and glowing-neon tubing meant to evoke DTI's nanoparticle innovations. But halfway into his 40-minute presentation, he also brought up his "co-founder" and "legendary, influential scientist" Ian Hunter, longtime head of the BioInstrumentation Laboratory at the Massachusetts Institute of Technology and a professor of thermodynamics and mechanical engineering. Hunter described DTI's next major project: a solar-powered pod designed to transport passengers at almost the speed of sound. This so-called Flashpod, Hunter said, could slingshot through a network of city-to-city tubes, similar to Elon Musk's Hyperloop concept, and disrupt the fossil-fuel industry. "We can go from Boston to New York under 20 minutes," added Chowdhury. "It is not a dream. It is not in the lab. It's a physical product we'll be launching next year."

Chowdhury, it seemed, had been working toward these reveals for decades. Before he started DTI in 2016, he'd told associates that he'd earned degrees from Harvard, Johns Hopkins and MIT; that he'd done pioneering research at NASA, Caltech and the famed Oak Ridge National Laboratory; and that he'd been a scientific adviser to President George W. Bush and Senator John McCain. Inventions such as the Flashpod were apparently the culmination of Chowdhury's efforts, which were turning into a blockbuster business. According to pitch decks from around the time of the Singapore event, DTI estimated its annual revenue would surpass \$100 million in just two years. By 2025 annual revenue from its EV battery unit alone was projected to hit \$2 billion.

These forecasts, like Chowdhury's scientific credentials and product promises, beggared belief. But investors either didn't notice or care. What was real were Chowdhury's connections with Hunter and other researchers from elite institutions. These associations helped persuade investors to sink almost \$27 million into DTI and its affiliates before the Securities and Exchange Commission caught up with him in September 2023. By then, the SEC alleged in its ongoing lawsuit against Chowdhury and his businesses, he'd spread his startup funding across more than 40 accounts, which he used as his family's "personal piggy bank"

for spending on cars, wine, jewelry, flights, hotels and gambling.

In legal filings, Chowdhury denied wrongdoing. But he consented recently to a court judgment that will assess monetary penalties. (The terms of the agreement let Chowdhury accept this judgment without admitting or denying the SEC's allegations.) In his final conversation with *Businessweek* before ceasing communications last summer, he said the lawsuit contained inaccuracies but wouldn't elaborate. He said there were misunderstandings about what the suit describes as his false academic pedigree; he insisted he studied electrical engineering and computer science at the University of California at Berkeley, though a spokesperson for the school couldn't find records of his enrollment. Chowdhury and his attorney, Marc Nurik, didn't respond subsequently to a list of fact-checking questions. In a phone call, Nurik says that Chowdhury spent the majority of the money he raised on business ventures, and that his dispute with the SEC is now centered on how much of that spending could be considered legitimate expenses. "This is not a 'take-the-money-and-run' type of case," Nurik says.

How much Chowdhury will be penalized is expected to be decided in court this spring. For universities such as MIT, though, the larger question is how their faculty members got mixed up in this mess. Hunter has a long history of commercializing his research, as is common in academia. This interplay between academia and industry can pay dividends to schools when a partner succeeds: EV startup Indigo Technologies Inc., which has raised \$163 million, counts Hunter as its chief inventor and a board director and promotes itself as "originating out of mobility labs at MIT."

But the loose nature of these deals also risks reputational damage when a partnership goes awry. Hunter denies he was a DTI co-founder and says he was merely another victim of the alleged fraud. (He did, however, once get a \$300,000 debit card from Chowdhury for consulting work. Hunter told the SEC that he spent just a fraction of the money on computer equipment for Flashpod aerodynamic simulations, and that Chowdhury later withdrew the remaining funds himself. An MIT spokesperson declined to comment.) Hunter says his relationship with Chowdhury was separate from his position at MIT. He also maintains he did not hear or remember some of the more dubious claims—about curing paralysis, say—Chowdhury made onstage. "The whole thing was just bizarre," he says.

The same could be said for the entire DTI saga. In some ways it's just a product of how universities manage relationships with commercial entities. The way patents and intellectual property licenses are farmed out to startups can lead to spectacular prestige: Consider the gloss that Google's origins at Stanford University bestowed on the school.

The departments responsible for these deals, known as technology transfer offices, generally do not have the resources to strictly vet every outside party interested in commercializing faculty research, according to five current and former TTO directors with experience at nearly a dozen universities. A background check on an entrepreneur seeking a patent license might entail only a glance at their LinkedIn. It's a dynamic Chowdhury ►

◀ exploited to create what SEC attorneys called an “IP-rich” Ponzi scheme. “There are plenty of professors who are curing cancer or splitting the atom, but they couldn’t build a startup to save their life,” says a veteran TTO leader who spoke on condition of anonymity to avoid career reprisals. “These people are so bright but so naive about the business world.”

VISITORS TO DTI’S HEADQUARTERS—IN AN INDUSTRIAL park off the Santa Ana Freeway in Irvine, California—recall seeing what appeared to be state-of-the-art lab equipment throughout the company’s 26,000-square-foot facility, where engineers and researchers supposedly from Caltech, Fordham, Penn, USC and Stanford operated.

It’s unclear if Chowdhury embellished all or just some of the résumés on his team. A big part of his job, though, seems to have been recruiting real Ph.D.s. Roughly a decade ago, Dr. John Fruehauf remembers bumping into Chowdhury as they were both dropping off their kids at a middle school near Irvine. Chowdhury was aware Fruehauf was a professor of oncology at the University of California at Irvine and said he was developing a promising cancer-detection system with graphene, an extremely conductive form of carbon.

Chowdhury and Fruehauf soon went to chat more at the nearby Lost Bean coffee shop, where Chowdhury held forth with tales of his curriculum vitae. He said he’d been working lately with Hunter on novel EV technology and showed Fruehauf a video of a futuristic motor they’d apparently invented. (A spokesperson for Hunter says what Chowdhury conveyed to Fruehauf is inaccurate.) Chowdhury said he grew up in a village in Bangladesh and was recognized as an intellectual prodigy. The US government recruited him state-side as part of a special program for wunderkinds; after earning advanced degrees, he became a pioneer in extracting graphene crystals in the 2000s. “He did it for a secret military project, so he couldn’t take credit for it,” Fruehauf recalls Chowdhury explaining. “That didn’t make a lot of sense to me.”

Still, Fruehauf was intrigued enough to evaluate a graphene sample Chowdhury sent to learn how it might apply to his own cancer research. He’d been collaborating with Kenneth Shea, a former chair of UC Irvine’s chemistry department, on nanoparticle treatments that can supercharge the efficacy of chemotherapy. Fruehauf says the tech-transfer people encouraged him

and Shea to start a company to support their endeavor. So they brought Chowdhury aboard as a co-founder of this new startup.

They set up shop at DTI’s headquarters and began exploring what Chowdhury labeled a “smart nanoparticle” device for screening cancer with a graphene-enhanced sensor. Remarkably, it wasn’t his claims of hush-hush government skunkworks that sounded alarm bells for Fruehauf, but rather the incorrect terminology Chowdhury used after they went into business together in talking about Louis de Broglie’s 1924 electron-wave theory. “When he got that wrong, I was like, ‘Oh, he’s a liar,’” Fruehauf says. (Fruehauf tells *Businessweek* that he’s cooperating with the SEC in its case against Chowdhury. In an email, Shea wrote that he’s cooperating too. As an academic, Shea said, he was unaccustomed to businesspeople willing to “comfortably lie about anything and everything.”)



To plant his stake in Fruehauf and Shea’s work, Chowdhury entered agreements with UC Irvine for what’s called “sponsored research.” These setups let an external group fund a specific lab project, typically in exchange for first rights to negotiate a license for IP resulting from the effort. Upfront costs are low. According to internal financial statements revealed in a subsequent civil lawsuit against DTI, Chowdhury’s quarterly payments to UC Irvine in 2017 averaged \$14,213. (Tom Vasich, a UC Irvine spokesperson, says DTI ultimately paid only “de minimis option fees and patent cost reimbursements” and donated \$55,000 to the university’s chemistry department.)

For this price, Chowdhury could market DTI’s university ties and budding patent exclusives to third-party investors. James Tour, a professor of materials science and nanoengineering at Rice University, found himself in the same situation. Tour says

■ PHOTOGRAPH BY MAGGIE SHANNON FOR BLOOMBERG BUSINESSWEEK

Chowdhury contacted him out of the blue to express interest in funding his lab's progress in developing graphene "nanoribbons," microscopic structures that could theoretically revolutionize semiconductors or even repair broken spinal cords.

Most of Tour's funding came from government sources, but it wasn't uncommon for businesses to provide financial backing too. Tour says licensing a patent through Rice's TTO normally requires a separate six-figure fee to further subsidize the relevant lab. Chowdhury instead "optioned" Tour's graphene IP, a less expensive alternative that lets entrepreneurs test the tech for a couple months to see if it's worth acquiring a full license. DTI records revealed in the civil lawsuit show its initial payment to Rice was \$5,000. (A Rice spokesperson says the university has appropriate safeguards in place to protect its IP and faculty.)

When Chowdhury flew to Texas to discuss the deal, Tour invited him to his home for dinner. Tour remembers Chowdhury name-dropping and casually mentioning that DTI's scientists were close to finding a cure for cancer. Tour's adult son and daughter sensed Chowdhury was a phony. "My kids said after, 'Dad, you cannot be associated with this guy,'" Tour recalls. But he thought Chowdhury was another charismatic benefactor keen to fund his research. DTI financial statements indicate the company later sent about \$170,000 total in sponsored funding to Rice through 2018. "I always give people the benefit of the doubt," Tour says.

CHOWDHURY'S PITCH TO INVESTORS LEANED INTO THESE academic partnerships. One 2019 prospectus, which focused on an upcoming \$80 million initial coin offering for a "DTI Token," listed Fruehauf and Shea as executives of DTI Holdings. (Fruehauf and Shea say they were not DTI executives.) It cited IP and sponsored-research deals with MIT and Rice.

The investors were given the impression that DTI had 1,500 employees under numerous subsidiaries in the US and abroad. One subsidiary, according to investor materials, manufactured what Chowdhury marketed as patented "temperature-regulated wearable nanotechnology" at a cutting-edge "nano factory" in Minnesota. Annual gross profits from this unit were forecast to hit \$47 million in 2022.

In truth, the company sold cold packs for body aches that retailed online for \$79.95. The "nano factory" that made them was based an hour southeast of Minneapolis. "It was in an old, vacant JCPenney," says Tammy Lee, who briefly oversaw the 10-person facility before suing Chowdhury for breach of contract. "There was traditional manufacturing equipment but nothing 'nanotechnology' about the products." (The SEC would later allege in court that this subsidiary generated negligible revenue and "ultimately ceased all operations after Chowdhury left it so cash-strapped that it was unable to pay its employees.")

In addition to the cancer-screening device, another major DTI project was a three-wheeled EV that could recharge in under 30 seconds. The underlying battery technology, DTI purported, was originally developed by Hunter at MIT. (Hunter, who had first met Chowdhury at his MIT lab years earlier, says he'd begun advising Chowdhury peripherally on e-mobility projects, but

he's unsure if DTI ever formally licensed his charging tech.)

The imprimatur of Hunter, who has a horseshoe-shaped dome of white hair and a bushy antebellum mustache, helped convince investors something high-tech was afoot. "I'm telling you, Hunter is a freaking genius," a former DTI business associate says. "He has this enormous laboratory in his home basement that's like Tony Stark's in *Iron Man*."

For his part, Tour says he was wowed by his only visit to DTI headquarters. He was shown a lightweight bicycle prototype apparently engineered with graphene and somehow derived from Hunter's IP. Even the furnishings were top-tier. "I said to one of Faiz's colleagues, 'Look at this desk and these chairs! You're not even using cheap IKEA furniture! What are you spending on all this?'" Tour recalls. "The colleague responded, 'Faiz believes impressions are really important.'"

KEEPING UP THESE APPEARANCES WAS EXPENSIVE. THE lease alone for DTI's headquarters cost \$33,000 per month. Chowdhury lived a few miles from the office with his wife and their three kids; bills were adding up, whether for family trips to Hawaii or Audi car payments, and the SEC alleged that Chowdhury needed to fundraise nearly nonstop to stay afloat.

From 2018 to 2022, according to SEC attorneys, Chowdhury raised about \$26.4 million from more than 50 investors. A certified public accountant later testified for the commission that maybe one-third of DTI's funding went to ostensibly legitimate business expenses. Much of the rest disappeared, was used to cover returns to unwitting stakeholders or was wired to bank accounts controlled by family members, the SEC also alleged.

And DTI's portfolio got even wackier. Already, some employees found it strange that Chowdhury hawked both electric tricycles and graphene solutions to prevent all "five" stages of cancer. (There are four.) In an absurd twist for an entrepreneur accused of selling snake oil, DTI optioned a patent from Shea's UC Irvine lab for a gel that could neutralize snakebite venom.

Financially speaking, Chowdhury was operating on a razor's edge. When one shareholder suspected him of fraud and demanded back the \$250,000 he and his relatives had invested, the total cash across all DTI's bank accounts totaled \$9,148.93, according to SEC court records. Within 30 days, Chowdhury managed to raise another quarter-million dollars from new backers, deposit the funds and repay the angry investor; the SEC spotlighted such transactions as "Ponzi-like payments."

Chowdhury presented the summer 2019 event in Singapore as a global brand launch, but it was more like a Hail Mary. Hunter, according to a statement he later submitted to the SEC, said he learned a billionaire gold-mining magnate was in attendance. Another attendee remembers Chowdhury saying this tycoon was considering investing \$100 million in the company. Lee remembers Chowdhury talking of a crown prince from Africa—Chowdhury, court records from the SEC and civil lawsuit indicate, later told investors he was developing a renewable energy project for the Zulu royal family. Lee recalls experiencing a series of "WTF" moments: She watched Chowdhury declare onstage that DTI would end poverty and hunger. "It was rambling and ►

“I’M TELLING YOU, HUNTER IS A FREAKING GENIUS”

◀ incoherent,” Lee says. “But Faiz would tell these stories that are just so outlandish that they almost have to be true.”

By this time, Tour had stopped buying Chowdhury’s tales. When DTI’s payments to Rice lapsed in fall 2018—and Tour gradually realized his kids were right about Chowdhury—he says he cut ties with the business and asked Rice’s TTO to send Chowdhury a cease-and-desist letter demanding a stop to his misrepresentations. He says he called Fruehauf to say he had a “fiduciary responsibility” to scrutinize his co-founder. Fruehauf, who says he was picking up his dry cleaning at the time, didn’t feel he was ethically obligated to look into the matter. “The guy from Rice said, ‘I want you to be careful—Faiz has done some bad things,’” Fruehauf says, though he couldn’t recall specifics. “I was like, ‘Well, maybe Faiz can’t be trusted, or maybe he’s turned over a new leaf.’”

There were other warnings. Amer Khalil, a neurosurgeon who became acquainted with Fruehauf through their affiliation with UC Irvine, says he called Fruehauf repeatedly to inquire about his \$200,000 investment in DTI. He also asked about Chowdhury’s weirder claims, such as working on top-secret research for the National Security Agency. But, Khalil recalls, Fruehauf reassured him, explaining that Chowdhury couldn’t disclose his relationships with US intelligence agencies. When Khalil grew anxious about a new \$100,000 loan he’d given DTI, he confronted Fruehauf at its headquarters. “John washed his hands and said Faiz scammed us both,” Khalil says. “I yelled at him, ‘You can’t just tell me you’re not involved! You’ve been at the company every day for years! You’re the one who promoted it—you and Ian Hunter!’” (Hunter says he doesn’t remember interacting with Khalil. Fruehauf denies ever reassuring Khalil.)

In early 2020, after months of not paying rent, DTI was evicted from its Irvine office. Fruehauf’s startup disbanded, and the Minnesota “nano factory” closed. (A judge ordered Chowdhury to pay Lee more than \$100,000 in her breach-of-contract lawsuit against him; court records show he still owes her about \$94,000.) In April 2021, Khalil sued Chowdhury and DTI affiliates in California alleging fraud and breach of contract. Khalil says he reached out to the SEC too.

Amid all of this, Chowdhury rebranded DTI as Quantum Age Corp., which adopted the same mission as DTI and even some of its product lines. The African energy project, now billed as Quantum Zulu, was apparently still a go, and Chowdhury claimed to one disenchanted investor that Bill Gates and Malaysia’s sovereign wealth fund were potential investors, according to a deposition that investor gave in the SEC’s subsequent lawsuit. (A spokesperson for Gates’ clean-energy investment fund says he’s never had a relationship with Chowdhury or his businesses. A spokesperson for Malaysia’s sovereign wealth fund likewise

says it doesn’t have any business dealings with Chowdhury.)

In the meantime, Chowdhury had also become acquainted with executives from an Italian manufacturer of bicycle tires. As Hunter continued work on the Quantum Pod—née Flashpod—he started exploring ways to collaborate with Chowdhury and these execs on an e-bike project. He lent his patent rights and designs to Quantum Age and pitched investors on their promise. He says he continued receiving consulting payments from Chowdhury until February 2022.

In late 2023, the SEC sued Chowdhury, DTI and Quantum Age. The SEC alleged Chowdhury and his family withdrew millions of dollars of investor funding in cash and that millions more were largely unaccounted for, hidden in a web of international accounts and wire transfers. Richard Pashayan, who’d invested \$100,000 in DTI after Chowdhury vowed that its graphene technology would let his paralyzed wife walk again, was shocked to learn of the SEC complaint. He called Chowdhury: Where was the money for his wife’s graphene spinal repair? “He said, ‘It’s a mere technicality,’” Pashayan later testified. “‘Everything you gave me is safe.’” It wasn’t. “My whole family,” Pashayan says, “was devastated, financially and emotionally.”

THE SEC’S CASE DRAGGED ON INTO 2024. TWO LAWYERS Chowdhury retained withdrew as his counsel, describing him as unreachable by phone and email. The substitutions led to delays. Chowdhury broadly denied charges of fraud in court filings.

The SEC’s accountant sought to untangle 31,000 transactions flowing out of his affiliated bank accounts and businesses. The commission learned Chowdhury had been spending time at Las Vegas casinos, losing \$56,000 at the Venetian in the first two months of 2025 alone. In a videotaped deposition that May, attorneys asked him if he had a gambling problem. “Could you define ‘problem?’” he responded.

He began settlement discussions with the SEC soon after. Chowdhury consented to pay a to-be-determined sum and agreed to a permanent prohibition from selling securities professionally and serving as an officer of any public company. A judge signed the order in July 2025. The SEC has since argued that Chowdhury owes as much as \$18 million in penalties. In a recent court filing, Chowdhury argued the SEC’s accounting was flawed and the majority of funds he raised went toward legitimate business expenses. (Khalil’s separate lawsuit against Chowdhury is ongoing.)

In a phone interview last summer, Chowdhury said he was feeling ill with a cough and would prefer to reschedule the conversation. Asked about his relationships with Hunter and Fruehauf—and if he was a fraud—Chowdhury replied that he needed to hire a new attorney and ended the call. Days later, he followed up by email to state that he would not participate in further communications and to clarify a few things. He wanted to make clear that “Prof. Ian Hunter” was a co-founder, despite his denials. Chowdhury emailed an excerpted video of a Zoom meeting with prospective investors showing Hunter identifying himself as a DTI co-founder. On the first slide of the presented pitch deck, Chowdhury pointed out, Hunter’s title is also listed

as “Co-Founder and Chief Scientist” of Quantum Age Corp. (Hunter’s spokesperson says Chowdhury created the slideshow, and that Hunter was only suggesting on the Zoom that he might become a co-founder or executive if the participants invested.) Chowdhury also wanted to make clear that he really had been sick during the phone call, and provided the Walgreens address where he bought cough syrup and Ricola drops.

Hunter’s home is 45 minutes from MIT, near Lexington and Concord. Tony Stark would indeed be impressed with his verdant, private-road acreage, complete with two three-car garages. Inside the main residence, there’s curio cabinets exhibiting antique brass microscopes and mechanical calculators. Wearing a flannel shirt and a blue hat over his graying ponytail last June, Hunter sips from a mug, which only partially obscures his expansive mustache. His lawyer is present as well.

Hunter isn’t a party to the SEC’s lawsuit, but says he’s upset with how Chowdhury treated him and doesn’t want the ordeal “contaminating” his academic legacy. While he’s open to explaining his role, he wants to put the situation behind him—and says he hopes this story won’t be about him personally or his long career or many discoveries, because he’s not showy. But first, he wants to give an extensive tour of his downstairs lab and eclectic inventions. Hunter beams when elucidating the “microscopic miracles” he cherishes experimenting with here.

The conviviality cools when discussion turns to Chowdhury. Reading from written notes he shared with the SEC, Hunter says he met Chowdhury at MIT in 2013. Though he can’t recall how the meeting came about, Hunter says he’s normally welcoming of outsiders to his lab as a way to escape the ivory tower. Chowdhury referred to himself as “Dr. Chowdhury,” Hunter says, and gave his spiel about his journey from Bangladesh and his physics training. Chowdhury explained that he was building low-cost computers in South Korea for sale in Africa, Hunter says. He adds that he quickly recognized Chowdhury had only a “superficial understanding” of thermodynamics.

Regardless, in 2014, Hunter says he decided to hire Chowdhury as executive vice president for global marketing at Nucleus Scientific Inc., his Massachusetts-based EV startup, which later changed its name to Indigo Technologies. Hunter thought his charisma and background would help with international sales. Chowdhury’s salary was set around \$200,000 per year, and he worked from Irvine. While Hunter says he soon discovered Chowdhury had not earned a Ph.D.—Chowdhury claimed it was an honorary degree—he was allowed to continue in his job as long as he stopped introducing himself as “Dr.” Chowdhury. He left his EVP role on amicable terms in June 2016. Chowdhury incorporated DTI that same month.

From there, Hunter’s timeline becomes hazier. At some point, Hunter says he started working with DTI and pitching investors on its bike and Flashpod projects. He shares two

printed sheets of paper featuring 3D drawings of the concepts, mentioning that his convertible e-bike design can fold into an e-wheelchair and other forms. He also told the SEC he’d developed ideas for the Quantum Zulu endeavor.

It’s unclear how much Hunter was compensated for these efforts. He says again he was never an official co-founder of Chowdhury’s companies—despite being introduced repeatedly as such and acknowledging to the SEC he sought a 15% equity stake in Quantum Age. Chowdhury also promised that Hunter could help raise funding for Indigo Technologies through a shipment of gold from the billionaire mining magnate Hunter met in Singapore. (Hunter wrote in his SEC statement that he was told the gold from Asia never arrived.) Chowdhury also submitted a draft merger agreement in court from June 2022 that would’ve combined Quantum Age with another of Hunter’s startups.

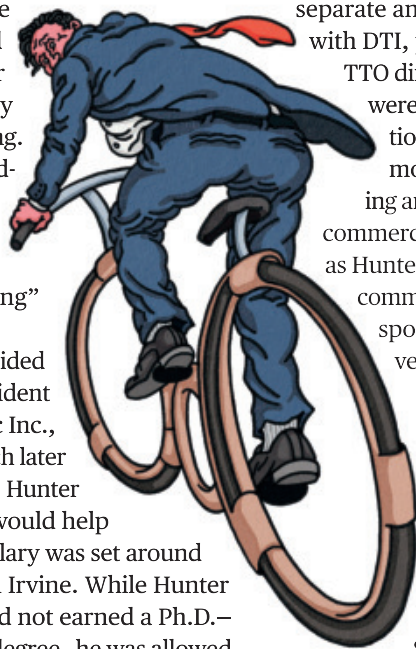
Hunter says he is unaware of the merger agreement. He acknowledges a shipment of gold is an unorthodox way to fund a startup but says it wasn’t implausible. (Will Graylin, Indigo’s current CEO, says Chowdhury has invested only a couple hundred thousand dollars in the company—in cash, not gold—and that he’s not aware of the fraud allegations against him.) “The world is full of people like Faiz who are very personable, name drop and have a veneer of intellect,” explains Hunter. “Unless they’re frauds, they can be useful and really help with tech transfer. Academics don’t have time for networking and schmoozing with investors.”

Fruehauf adopts the same logic. Despite working out of DTI’s headquarters, receiving monthly DTI consulting fees and partaking in DTI investor pitches, he says his startup entity was separate and had “nothing to do with what Faiz was doing with DTI, per se.”

TTO directors say they aren’t surprised these professors were out of their depth, but they’re split over the solution. Some say schools could benefit from devoting more resources to overseeing the sponsored funding and tech-transfer processes and helping professors commercialize research. Others say it’s on academics such as Hunter to be choosier about partners. (MIT declined to comment on its screening process. Vasich, the UC Irvine spokesperson, says the university is confident in its vetting systems and licensing procedures.)

Doubters and plaintiffs aside, there are those who still believe in the technology Chowdhury promised to deliver to humanity. Megan Pormer, the model who dressed up as Quantum Girl at the Singapore showcase, says she’s a scientist and has since been working with other nanotechnology leaders on, among other things, new cancer cures. She says what Chowdhury described onstage is real. Such nanoscopic innovations are just impossible to see without “your third eye.”

Her own faith in the “quantum realm” was confirmed once she saw a certain MIT inventor arrive at the Shangri-La. “They had this professor with a big mustache,” she recalls. “When I saw that guy, it was hard for me to question anything.” **B**



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SUMMER TRAVEL SPECIAL

*Your next trip doesn't have
to mean crowded sites,
long lines and selfie spots*

I'm 5,000 feet up in New Zealand's Southern Alps when I realize I'm surrounded by clouds. Delicate wisps float up from the valley below, curling around craggy peaks that stretch almost 2 miles high. Through the streaky veil, I can spot snow-crowned summits and alpine lakes in shades of silty gray and sapphire. Waterfalls pour down rock faces.

This stunning section of the Shotover Saddle Route marks the beginning of my hike. Some people arrive here as part of a 10.5-mile trek that requires a 4,000-foot elevation gain and at least seven hours of strenuous effort. I've come by helicopter. It feels a little bit like cheating.

If hiking tends to be more about the journey than the destination, it's easy to write off heli-hiking, a mechanical shortcut that puts almost any epic vantage

Habitat Adventures, SwisSkiSafari and Eleven, and you'll find a heli-hiking option on almost every continent.

Prices range tremendously. Half-day heli-hiking jaunts into the Talkeetna Mountains of Alaska to ogle views of Denali, for example, run as little as \$550 for two or more people. At Minaret Station, my hotel on the western shores of Lake Wānaka in New Zealand, it's NZ\$8,950 (\$5,114) for the signature half-day heli-charter, which can accommodate four people. It's a real five-star service here: Trained naturalists serve as guides, and chefs prepare gourmet picnics to enjoy in the wilderness.

As an experienced hiker—I've trekked in the Alps and Bhutan, and to the base camp of Mount Everest in Nepal—I'm drawn to the way hiking pushes my

New Zealand and its wildly diverse topography are deeply associated with hiking. The country's many official "great walks" are its most-famed attractions; government figures show that almost three-quarters of international visitors participate in some sort of hiking during their trip. Most of its celebrated routes, such as the rainforested Milford or fjord-lined Kepler Tracks, take three to four days to complete and require serious fitness and outdoors skills, passing glacier-carved valleys or cresting along slippery alpine ridgelines.

But I have five days here total. Not only can a helicopter provide a highlight reel of the South Island's most stunning terrain, but it can also even the playing field, allowing multigenerational families or friends with different ability

“Travelers aren’t just asking about undiscovered destinations. They want experiences that simply aren’t known to anyone else”

point within reach. But it's an established way to take on an adventure in New Zealand, where dramatically foreboding landscapes can preclude other means of transportation, and in Canada, where the popularity of heli-skiing gave way to a summer equivalent in the 1980s. And as a means of exploring, it's gaining in popularity globally: From the Himalayas to the Italian and Swiss Alps, travelers are climbing aboard choppers to experience breathtaking places.

The concept makes hiking—and nature itself—accessible to people across a wide variety of ages and abilities. And it's especially appealing to the cash-rich, time-poor set. With consumers seeking to pack more adventure into a tighter schedule, travel companies have started employing helicopters for all sorts of pursuits. Pelorus Travel and Tropicsurf use them for heli-surfing in Chile and Indonesia, respectively. Tordrillo Mountain Lodge in Judd Lake, Alaska, flies mountain bikers to the top of nearby summits. Add new and soon-to-come treks from Natural

physical limits, gets me into quiet places and lets me glimpse nature in action.

Heli-hiking seems at odds with all of this: the loud helicopter rotor shattering the silence, the gallons of fuel a chopper can burn, the leaned-back experience of sitting down during the main ascent. But it also seems efficient, time-wise. In my 20s, I could afford to spend two weeks getting lost along the way to an off-the-grid cabin. Now in my 40s, I'd need to take a sabbatical for that kind of luxury. The option of surveying vastly different terrain over multiple hikes and returning each night to a cushy lodge with Wi-Fi felt like a happy medium. Perhaps adventure and exploration don't have to be synonymous with suffering.

I test that theory in New Zealand. Helicopters are the only way to arrive at Minaret Station: You either land at the hotel's front door or midmountain, on the property's 50,000 acres, if you want to make a more scenic arrival on foot. I opt for the latter and pick a three-hour-long route.

levels or altitude tolerances to share the experience.

Unlike heli-skiing, heli-hiking isn't about thrills. (Unless you are scared of choppers themselves, which are technically safer than other small aircraft.) It started as a way to widen access to nature for people whose age or physical fitness prevented them from taking on a multi-day trek and to circumvent crowds.

The practice originated in British Columbia, where Canadian Mountain Holidays began shuttling travelers on heli-ski trips in the 1970s. Eventually, CMH client Arthur Tauck Jr. approached founder Hans Gmoser about using the same helicopters throughout the summer season for his own namesake travel company. Banff National Park, in neighboring Alberta, was becoming busier, and they could get clients to quiet spots more easily. Guests from their teens into their 80s could take in the grandeur of, say, Bugaboo Provincial Park's protruding granite spires, even for just a mountaintop picnic if that's all their legs could

Heli-hikers on New Zealand's Shotover Saddle (opening page); the author and two Minaret Station guides take in Lake Wānaka (below)



handle; others could enjoy the gentle descent on foot from an 8,600-foot summit through fields of wildflowers and along glacial lakes.

Today, CMH runs its helicopter trips year-round, landing for hikes at the base of the Howser Towers—the tallest of the Bugaboo granite spires—or atop Vowell Glacier. They're places even I couldn't hike to myself. To get to the two lodges CMH uses for heli-hiking adventures in British Columbia from the nearest town, you have to drive 50-plus miles over remote interior roads, then another 50 miles on rough forest service tracks, followed by one or two full days of bushwhacking through the dense mountain forest.

I ask Craig McGee, the director of guiding operations, how CMH justifies the environmental costs of flying. "I have questioned this myself," he says,

conceding that helicopters aren't the most fuel-efficient machines. But if a helicopter services 30 people for about two hours per day, as his do in the summertime, he says, the total fuel used is on par with what each of those passengers would burn driving a gas-powered car to a trailhead from the nearest big city.

Hovering above New Zealand, I'm astounded by the scale and scope of the *Survivor*-style wilderness around me. The country is about the size of the UK, yet almost 80% of its land mass is too geologically isolated to permit much human development. Large swaths of it are simply unreachable or require advanced mountaineering skills to access.

The Shotover Saddle Route is one such place; it's only advised for expert hikers adept in navigation. While I'd rate my hiking skills a 9 out of 10, I'd give my

navigating a 2. Yet here I am, following Ellie Nesbit, Minaret Station's 31-year-old biodiversity manager, along the saddle—a precarious dip in the ridgeline—to view the Rob Roy Glacier, which most people see from a highly trafficked 6-mile trail.

We hike for 40 minutes before the "Squirrel," our AS350B2 helicopter, comes into view, ready to take us on a 15-minute ride over impenetrable mountains and thick rainforest. When we land, we're at a dreamy 3-mile stretch of talcum sand called Big Bay. No one else is there. Getting here any other way, Nesbit tells me, would take three or four full days of hiking and packrafting, which involves hauling an inflatable boat to cross small bodies of water. So few people take this route, there are no official visitor counts. Minaret Station brings only 50 people here each year. ▶

◀ Big Bay is one of the prettiest slices of beach I've ever set foot on. I can't find any trace of human encroachment—no footprints in the sand, not a single piece of trash, not even the plastic bits I often see mixed in with driftwood and seashells in Maui or at the Jersey Shore.

“Travelers aren't just asking about undiscovered destinations. They want experiences and access that simply aren't available, or known, to anyone else,” says Tom Marchant, co-founder of luxury trip planner Black Tomato. “The volume of clients actively leading with it has grown significantly in the last couple of years.”

A new trip announced in January by Remote Lands cuts the 40-mile trek to Everest base camp in half, all with the help of helicopters that also let guests stop in little-visited monasteries. The once-per-year experience runs about \$29,000 per person. (Longer Everest trips done entirely on foot, with some degree of creature comfort, can run more than \$40,000.)

“Where most tour groups turn right, we turn left,” says co-founder and Chief Executive Officer Catherine Heald, explaining how Remote Lands designs routes to “bypass the infamous ‘Everest Highways’” and give high-net-worth travelers a more expedient means to tick one of the world's wonders off their list.

Big Bay may not be on that checklist, but I do wish more people could see how an untouched place like this truly looks—if only so they can understand the need to protect it. I make doubly sure to leave no trace, stuffing tissues and a power bar wrapper tightly in my pocket.

By now the wind has picked up. Rather than get sand-blasted on the 3-mile walk to the helicopter, Nesbit radios pilot Cody Sarginson to scoop us up. He detours us inland to find shelter. From the air, we see a half-dozen seal pups sunning on the rocks of Martins Bay. Sarginson zips around old-growth beech forests and limestone formations, depositing us on the rocky shores of emerald-hued Lake Speden for a picnic of freshly grilled lamb chop lollipops, heapings of salads and barbecued shrimp.

The silence is profound—so quiet I can hear the soft rumble of a waterfall somewhere far beyond my view. The high-pitched cry of a kea, echoing off

the surrounding cliffs, breaks my reverie. This endangered high-alpine parrot is infamously intelligent and aggressive. “That's our sign to wrap up lunch,” Nesbit jokes. “We call them picnic robbers. They'll take the food right off your plate.”

The following day my legs feel a bit too fresh, so Nesbit and I embark on a more ambitious heli-hike within the bounds of Minaret Station. After the sweeping flight-seeing and mellow uphill that characterized my first day, the aim now is to challenge ourselves. We head to Twin Peaks, a ridgeline trek that's only 2.5 miles yet takes almost two hours to traverse because of its pocketed, rocky terrain and steep dips and rises. “I don't take many guests up here,” Nesbit says, noting it would have taken two days on foot to reach from the lodge. “You have to be sure on your feet.” My calves are burning on a 40-degree descent. Heli-hiking doesn't have to be pure luxury after all.

On the trail, Nesbit stops every few hundred feet to check small wooden traps that catch possums, stoats and other invasive predators. Minaret Station has placed more than 400 of them on its grounds as part of a large-scale conservation project. The hotel works with the New Zealand Department of Conservation, the Southern Lakes Sanctuary and other organizations on initiatives that include invasive predator control and threatened species recovery.

Herds of sheep run through the hills, and waterfalls tumble from cliffs. Most people stare up at these mountains or see them pierce a wide horizon, but I get to feel the mountain mist on my cheeks and smell the subtle honey scent of high alpine flowers, such as the fuzzy South Island edelweiss. It makes me appreciate the grandiosity of the landscape, but also the small treasures we often overlook.

The lodge is in sight when Nesbit finds a kill: a stoat. The animal looks like a cross between a skunk and a weasel, and I'm glad we haven't run into any live ones. She logs her find on Trap.NZ, a free app that helps the government monitor the issue of invasive species—a little something to offset our helicopter flights.

I spend my final two nights in New

Zealand at Flockhill Station, a seven-villa, 36,000-acre high-country sheep station less than 90 minutes from the Christchurch airport. Its grounds are laced with marked trails for hiking and mountain biking, but two-hour heli-hiking trips to farther-flung spots are also on offer for around NZ\$9,800. By now, I can't say no.

When I step off the chopper on Broken Hill, at 4,875 feet in the Craigieburn Basin, it feels as if I'm on the moon. All afternoon, I don't see another soul besides my pilot and guide, Tim Murdoch. He tells me that on many days, he drops off hikers and then, in the downtime between pickups, transports Department of Conservation staff to secluded valleys. He also assists with predator control and transporting birds for release from captivity.

Back home, I think more about the knock-on effects of minting unlikely new wildlife stewards by bringing people to untouched places. “I have seen grown men cry,” CMH's McGee told me. “They become so overwhelmed with the quietude.” Waxing philosophical, he said Gmoser, his predecessor, taught him to think about the helicopter as “a novel addition to the adventure, not a way around it.” The goal for them both, he said, has always been to send people home with a great respect for nature. “If we can do that, I think it's worth the helicopter transfer.”

Ultimately, I agree. In less than a week, I saw more of New Zealand than most New Zealanders. I took home not only an appreciation of the country's natural beauty but also some comprehension of its fragile ecological balance.

In an era when everything feels discovered, heli-hiking seems like one of the last viable ways to truly get off the grid—to experience corners of the world without power lines, roads or other humans. But because it's more costly than anything I can justify on the regular, I'll keep driving to most trailheads and seeking out lesser-known paths that lead me to the kind of peaceful seclusion I felt in New Zealand. As for my next helicopter assist, I'll reserve that for an experience only a chopper could allow—like hiking a ridgeline through the clouds alongside my 69-year-old mom. **E**

QUIET LUXURY

Spain's Slower Side

By Paul Richardson



The Pizarro statue in Trujillo's Plaza Mayor

It's a slow February day in Trujillo, Spain. At the center of the town's Plaza Mayor, a handful of visitors gaze up at the statue of Francisco Pizarro, who was born and raised here before violently subduing the Inca empire in the early 16th century. From this little-known corner of western Spain, Pizarro, Francisco de Orellana and other

conquistadores left for the New World, returning with gold and silver to erect the stone-built palaces and churches that still stand haughtily around the square.

"You think you've done a place, and then there's this area that's kind of unfamiliar," says Anna Marie Tettamanti, a retired attorney from Buffalo, New York, who's traveled

Spain from coast to coast and is on vacation with her husband, Marcelo. She hadn't suspected such riches could be squirreled away in landlocked Extremadura. "I look up, and it's all so beautiful—the details, the history," she says, referring to the autonomous Spanish community that doubles as my adopted homeland. ►

◀ Just a few years ago, meeting an American, or a foreign visitor of any nationality, on the road in Extremadura would have been a rare occurrence. In a region the size of Switzerland, with a population of barely a million inhabitants, you were less likely to encounter a tour group than a troop of pigs eating acorns (the secret to Spain's exquisite ibérico ham).

These days, not so much. As Spain's tourist industry has grown—from 53 million foreign arrivals in 2010 to 97 million in 2025, according to government statistics—savvy visitors have begun trading oversaturated destinations including Barcelona and the Balearic Islands for this type of lesser-known spot. Extremadura, 180 miles from Lisbon and Madrid, offers the Spanish culture they crave but with a lot more peace and quiet.

That's pretty much my story too. Throughout the 1990s, I lived on Ibiza, where I luxuriated in the pre-internet, pre-smartphone, pre-everything pleasures of a place that hadn't yet hit the big time with tourism. When relentless development, environmental depletion and excessive traffic began to take their toll on the island, I was out. Ibiza had been known as a hippie haven in the 1960s and a small-time package-tour destination in the '70s, but the *discoteca* boom of the '90s established the White Island as a global tourist brand and changed it forever.

Extremadura—a pit stop on my road trip across the Iberian Peninsula—wasn't meant to be my final destination, but what I found there in 2000 was astounding. I'd never been anywhere in southern Europe where nature was so diverse and plentiful. The extent of the built environment was a scattering of towns and villages amid tracts of wilderness. And, remarkably, the impact of tourism on all of this was minimal.

My Ibiza friends warned me that Extremadura would be a difficult place to both travel in and relocate to: It was dry, flat and desolate. That was untrue, but they were right in other respects. By European standards the region felt remote and underpopulated, and it still does. Transport connections weren't what they might be; then as now, the nearest international airport was Madrid-Barajas, three



Plaza de España in Mérida, the capital of Extremadura

to four hours away by car. There were no galleries, no theaters, no modern cuisine or contemporary art and, of course, no discotecas. (The cultural aspect has since improved.) As a gay man, I worried about building bridges in what was effectively Spain's Wild West.

I eventually bought a 12-acre farm outside a small village in the region's far north. As I ventured into the countryside, I soon realized I'd made a good call. Compared with the cramped, claustrophobic island where I'd lived for a decade, Extremadura's gloriously well-preserved landscapes seemed to go on forever. (Almost a third of the community's area enjoys some kind of official protection.)

Its traditional rural lifestyle was a living, breathing relic of Old Europe. The southern province of Badajoz, with its unfurling carpet of olive groves and vineyards, its craggy sierras and tidy white villages, felt almost like a crowd-free extension of Andalusia. The counties of the north had oak and chestnut forests and snowcapped peaks. Old-town Cáceres, capital of its eponymous province and an hour and a half from my new home, was so solemnly monumental that it seemed to have been carved from an immense block of sand-colored granite.

Those initial impressions remain largely valid 25 years later, and the sites that captivated me then are still

the major points of interest for today's visitors. There's Guadalupe monastery, the spiritual solar plexus of the region and home to perhaps its most hauntingly beautiful artistic treasure: Francisco de Zurbarán's chiaroscuro portraits of Hieronymite monks. At the imposing Roman ruins in Mérida, classical plays are staged each summer in the magnificent open-air theater. In the border town of Olivenza, centuries of flip-flopping between Portuguese and Spanish dominion have left a bewitching mélange of blue-painted tiles, granite columns and whitewash that shimmers in the pummeling heat of the *extremeño* summer.

The only thing that's changed about these places is a newfound swirl of international languages—English, mostly. In 2024, 254,857 foreign visitors came to Extremadura, up 18% from a year earlier. It's also become the fastest-growing region in Spain for US tourists, followed at some distance by the Balearics. American travelers are increasingly familiar with Mallorca, San Sebastián and Madrid. But Extremadura's unspoiled natural beauty and its fascinating towns and cities—all easily accessed by car—often come as an agreeable surprise.

Virginia Irurita, founder of the travel agency Made for Spain & Portugal, says that those interested in Extremadura tend to start the way I did: with a passion for the Iberian Peninsula in general. And like me, they're prepared to overlook the region's poor transit connections. The lack of development is partly the reason for its fine state of preservation.

Although the transport links haven't improved, there's far more on offer in terms of hotels, restaurants and culture than when I first arrived. For example, in 2010, Toño Pérez and José Antonio Polo opened Atrio, a restaurant with rooms, in their hometown, Cáceres. Designed by the Mies van der Rohe Award-winning Mansilla + Tuñón Architects, it's held three Michelin stars since 2022 and is the region's best place to eat by a country mile. The 23-course tasting menu of Spanish *alta cocina* is competitively priced at €280 (\$325), before wine from Atrio's world-class cellar.

Five years ago the restaurateurs helped persuade German-Spanish collector Helga de Alvear to permanently house her vast haul of blue-chip contemporary art in an early 20th century building on Cáceres' Calle Pizarro. After a redesign by the prominent Spanish architect Emilio Tuñón Alvarez, it's now the Museo de Arte Contemporáneo Helga de Alvear. Then in 2024 they opened the Palacio Paredes-Saavedra, an old-town mansion reimaged as a small urban hotel with



11 rooms, each with unique architectural details and site-specific artworks.

Their combined efforts are putting the town, and by extension Extremadura, on the map both for travelers and developers. Palacio de Godoy, Hilton's sparkling reinterpretation of a 16th century palace, opened in Cáceres in September 2025. The ultraluxury brand Rosewood is currently allocating about \$520 million to a 65-room hotel in the rolling countryside outside Navalmoral de la Mata, a project that in 2029 or so will become the Rosewood Dehesa Espadañal.

Music mogul Edgar Bronfman Jr. ate and slept at Atrio in both November 2022 and '23. Over email he tells me it's "one of the greatest small hotels and restaurants on earth," and he declares Extremadura as a whole to be "one of the most beautiful and largely undiscovered parts of Spain." Bronfman raves about its authenticity, as well as its untrammelled natural landscapes and low-impact tourism scene.

When I speak to travelers Jorge and Mónica Canavati from Houston, who've returned to Atrio multiple times on different trips, they make another point that reminds me of my own *extremeño* origin story.

"We love that Spain is doing so well with tourism," Mónica says. "But it's sad that in cities like Seville, tourism itself has taken away some of the magic." Extremadura is different, she says. "There's no overcrowding here."

I get what she means. Residents of the country's hot spots, beset by rocketing rents and hollowed-out downtowns, increasingly worry about killing the goose that lays the golden eggs. Out here in the Wild West, however, that goose is still very much alive and kicking.

Will Extremadura eventually succumb to the tourism pressures that have turned other Spanish destinations into distorted and disgruntled versions of themselves? Will I have to flee it in another decade? (I have a short list of other off-radar zones, though I'm not about to share that just yet.)

For the moment, there aren't enough hotel beds in the region for mass tourism to lay its ugly head here. And the long-promised high-speed AVE rail link between Madrid and Lisbon, which will stop within Extremadura, still has no definite completion date, leaving both locals and visitors to take their chances on the notoriously unreliable regional trains.

Meanwhile the intrepid few who do make it here are counting their blessings. Back at my farm, I reflect on how wrong those Ibiza naysayers had been about my fate. On my 12 acres, water gushes from springs and streams. (So much for a dry and desolate wilderness.) I now have both a classical theater festival and a world-class contemporary art museum on my doorstep. (So much for a cultural desert.) And at my wedding in June 2010, the residents of my country village turned out en masse to hurl confetti and compliments. (So much for rampant rural homophobia.)

As overtourism spreads like a blight over much of Europe, Extremadura's wide horizons, storied towns and placid routines remain. And for me, at least, the thrill of discovery has mellowed into the comforts of belonging. **E**

OH? CANADA!

True North Believers

By Brandon Presser



Orcas off the shore of Victoria, British Columbia

On the wild western coast of Vancouver Island in British Columbia, a hat trick is when you spot three species of whale on one outing: gray, humpback and “black and whites,” as they call orcas here. It’s an elusive feat in the waters off this wind- and wave-tussled island, which has long enjoyed an IYKYK reputation, especially among Americans.

During the Vietnam War, the area was a prime destination for US draft dodgers. In the decades that followed, it attracted die-hard surfers willing to test its temperate waters. And in the past 18 months, Tofino—the tiny town that anchors much of the local population—has seen a sudden surge in cross-border visitors.

“Our American friends are coming to visit us in greater numbers than ever,” Charles McDiarmid says. He co-owns and operates the 75-room Wickaninnish Inn, Tofino’s long-standing luxury hotel and

one of Canada’s most beloved boutique stays. The Wick, as devotees call it, is on track to host its highest number of US guests this summer, with a 55% increase in June bookings.

The rise in interest in Tofino speaks to a broader trend along the world’s longest international border. It’s a reversal of the continental traveler flow, which has traditionally seen Canadians flock stateside. Now Americans are more likely to be on the move. Chase Travel reported a 10% increase in US visitors to Canada from 2024 to 2025, based on bookings and credit card activity. Early reservation data for 2026 projects a climb of another 26%. The findings of Statistics Canada, a government agency, support Chase’s projections for early 2026. In February, when much of Canada was frozen solid, travel was still up 6%.

This marks a startling contrast with the

double-digit decrease in Canadians going to the US. Those trips are down by more than 34% since the start of 2025. Summer flight bookings for 2026 plummeted 70%.

Politics are a factor. Indiana-based novelist Emily Matchar spent two weeks traveling in Ontario and Quebec with her husband and children last year. The vacation doubled as an apology tour of sorts after President Donald Trump suggested that Canada should become the 51st state and directed aggressive tariffs at one of America’s largest trading partners. “We’ve been mad at the way the US is treating it,” she says, “and we thought it would be good to contribute to our neighbor’s economy, even if a tiny bit.”

But Yanks crossing the 49th parallel aren’t merely performing an act of economic mea culpa. Canada’s sudden rise in the zeitgeist—the steamy hockey soap opera *Heated Rivalry* has inspired countless searches for Canadian cottage real estate listings—doesn’t fully explain increased travel interest either. The reality is that Canada represents value for American travelers. It’s a shorter drive or flight at a time when soaring fuel prices are causing costs to rise.

The weaker Canadian dollar is another lure. The friendlier exchange rate can make it manageable for American visitors to level up from burgers and poutine to a more serious meal. At Kissa Tanto, arguably Vancouver’s most acclaimed restaurant, you can enjoy the prix fixe menu for C\$155 (or \$112). New York’s Michelin-starred venues easily cost double that.

Canada also appeals to some because it feels like an alternate-reality America. On the night Trump won his second presidency, Google searches in the US relating to departures to Canada jumped 5,000%. Now, much like Canadians who used to seek respite from a punishing winter by traveling to the US, many Americans describe wanting an escape from their political situation.

“Americans are paying closer attention to Canada right now than we’ve seen in years,” says Gloria Loree, chief marketing officer at Destination Canada, the country’s national marketing organization. “What’s coming through in our research is that beyond the value or

■ DESTINATION BC/JORDAN DYCK (2)

proximity, there's a growing importance placed on feeling genuinely welcome, and Canada delivers on that in a way that feels both easy and meaningful."

This new attention is also highlighting Canada's best asset: its nature. The country's geography and abundance of fresh air, water and other resources position it as a bolt-hole from threats as varied as extreme heat, energy shortages and war.

Strict environmental laws have helped to preserve vast swaths of wilderness across a spectrum of ecological zones and kept overcrowding in check. Meanwhile, the US has cut funding to national parks and removed some visitation limits as attendance at its most popular parks continues to surge.

It's made little sense to me why crowds clamor to see the northern lights in Iceland, when Canada's Arctic

territories often provide more optimal conditions for viewing them. Why traffic chokes the hairpin turns in Italy's Dolomites, when the stone towers of the Canadian Rockies remain undisturbed by comparison. Even Newfoundland's dramatic fjords are overlooked compared with those of Norway or New Zealand.

Like the country itself, Canada's tourism has traditionally skewed more egalitarian, with a plethora of camping grounds from high-altitude Banff to coastal Cape Breton. Hundreds of roadside motels break up stretches of the Trans-Canada Highway between financial hub Toronto and francophone Montreal. Cottage culture, too, is a way of life in the summer for Canadians of all stripes; escaping the cities to relax by one of the country's million-plus lakes is a national pastime.

On the other hand, Canada's luxury tourism infrastructure was generally defined by the massive castles erected by the Canadian Pacific Railway. The hotels, now Fairmont properties, dot the country, marking train stops where passengers had to disembark for the night at the turn of the 20th century.

The Wick has been the torchbearer of a new generation of lodging, and one that feels quintessentially Canadian—intimate and in tune with its natural surroundings. Celebrating its 30th anniversary this summer, it feels like the most logical place to witness this northern migration of travelers.

The hotel sits within Pacific Rim National Park Reserve, a mammoth expanse of land held jointly by the Canadian government and several Indigenous nations that inhabit the western archipelago that flanks Vancouver Island. It looms over a rocky headland between two coves, its floor-to-ceiling windows angled out toward the sea. The Wick's grounds are often the first place in Canada where Pacific Ocean squalls make landfall. Guests from around the world come to observe how the salty sea can strip rocks clean of moss with one forceful wave, or how fallen trees warble with a low vibrato below the howl of the wind. The occasional sunshine creates a good opportunity, McDiarmid notes, to get that elusive cetacean hat trick.

Indigenous-owned and -operated Ahoos Adventures leads six-hour tours to hot springs hidden in the park reserve, a 90-minute boat ride away. On the excursion, I see gray whales slink and orcas blow water close to shore as they hunt. And, from the soothing, sulfuric waters of the springs, I watch humpbacks breach.

Back at the hotel I trade notes with Shannon Sedlacek, a visitor from Seattle. She'd gone whale-watching the day before to celebrate her wife's 60th birthday and had no luck. But I sensed no hint of disappointment. She made good on a different trifecta: She was enjoying a place of rugged beauty, deep local heritage and limited tourist consumption. "Traveling to Canada and playing in Canada reinforces that we are good neighbors, or at least want to be," Sedlacek says. **B**

A surfing lesson in Tofino



SKIP THE ISLANDS

Greek Summer Reaches a Peak

By Sarah Rappaport



The Grand Forest Metsovo hotel

On the edge of the Vikos Gorge, you can peer 4,400 feet down at a thick canopy of pine trees that plunges toward a river. According to the *Guinness World Records*, it's the deepest canyon relative to its width.

"You almost can't believe it's Greece, right?" asks Georgios Karagiannis, founder of Epirus Adventures. "We know our country is 80% mountainous. But our tourists don't think about Greece like this."

Like many others, I consider Greece my default summer setting. I've island-hopped across the Cyclades and the Saronic Gulf. I got married on the Athens Riviera. But I had never headed north.

The forested, alpine region of Epirus, which sprawls some 3,600 square miles along the Albanian border, is the opposite of Greece's famous islands. The mountains are dotted with stone villages; if you

hit traffic, it's from shepherds guiding flocks across the roads. On a summer day it can be about 14C (25F) cooler here than in Mykonos. And the highest-end hotels, while few and far between, will cost a quarter of the \$1,000-a-night rates the islands can command in August.

One of the 10 most visited countries in the world, Greece welcomed a record 37.8 million international visitors in 2025, according to data from the Bank of Greece. Most concentrate on tried-and-true spots including Athens and Santorini, along with once-quiet islands such as Paros. Epirus sees virtually none of that. It attracts less than 2% of overnight stays in the country, according to the Greek Tourism Confederation.

The Greek government has noted both this disparity and the area's appeal;

so far in 2026 it's committed €172 million (\$198 million) to infrastructure upgrades and nature-based tourism initiatives in the region. The objective is to encourage travel beyond the crowded islands and toward these mountainous communities, which could use the economic boost.

It's ripe timing.

"After the pandemic," says Leigh Rowan, founder of San Francisco-based Savanti Travel, "people prioritized their favorite spots in places like Greece, Italy and France." But as global tourism has set records year after year, "they've realized that everyone else is there now too."

The new goal, Rowan says, is to escape the crowds without sacrificing familiar comforts. And so secondary and tertiary destinations in those beloved countries are finding their way into the

■ COURTESY GRAND FOREST METSOVO

spotlight. The Mediterranean's recent summers of punishing heat also add incentive to seek higher altitudes. Last year temperatures down south exceeded 42C during multiple heat waves, causing wildfires on several Greek islands. Thousands of residents evacuated; tourists had flights canceled.

Getting up north requires commitment: Most people fly to Athens, then take a one-hour flight to the college town of Ioannina. From there you might drive 45 minutes northwest, like I did, to the region of Zagori. Unesco listed it as a World Heritage Site in 2023 for its blend of Byzantine and Ottoman architecture.

Zagori is a constellation of 46 stone-built settlements scattered across gorges and pine-covered slopes, with a population of 3,000. The churches, homes and cafes are constructed from gray slate quarried directly from the surrounding mountainside. It's a sprawling area, so instead of renting a car and driving myself, I look for a guide.

Karagiannis grew up in the village of Vitsa (population roughly 80) and worked in Ioannina as an IT specialist until 2018, when he decided to build a travel business rooted in his home terrain. "I wanted to make a living showing people where I'm from," he says as we bounce along a narrow road in his four-wheel-drive Nissan Pathfinder. "I know and love every single one of these rocks."

Our first stop is the Kokkori Bridge, a curved stone arch over the river, built during Ottoman rule in the 18th century. The stunning landmark is even more remarkable for what it lacks: selfie takers, hawkers stands and overstuffed trash cans. I survey the river in peace as Karagiannis gives me a history of the place, which was originally built to transport livestock. Now it's an outdoor destination frequented by Greek hikers.

Agriculture has been the main economic driver here since people learned to live off the land. But residents increasingly see tourism as a big opportunity.

The area gets busiest over Christmas, when the whole region is blanketed in snow; you can ski in nearby Metsovo. In warmer months, outdoor enthusiasts raft in the rivers and rock climb in

Vikos National Park. And though these adventurers used to be mostly domestic visitors, travel advisers are increasingly using the region as a second stop for foreign tourists who need respite from their action-packed island hops.

Natasha Shafi, chief executive officer of Mr & Mrs Smith, a booking platform (owned by Hyatt Hotels Corp.) for independently owned hotels, says the region is a balm of another kind as well, as travelers look to "anti-AI" their vacations—that is, go somewhere the algorithm isn't relentlessly suggesting. Her company featured the Greek mountains on its 2026 trend list.



Those accustomed to five-star Mediterranean resorts will find fewer luxury options in Epirus. Strict local laws prohibit developers from building on the mountains for environmental reasons, though residents worry the grab for tourism dollars will change that.

Looking out at the sharp ridgelines over the village of Papingo, I tell Karagiannis the landscape reminds me of Colorado. "Other countries have mountains," he replies. "But do they have stone villages and Greek food?"

The food is, unsurprisingly, a real draw. At Aristi Mountain Resort & Villas, a charming complex with 18 stone-hewn rooms close to the gorge, breakfast includes thick yogurt with local honey, still-warm tiropita (cheese pies) and sweet custard pastries called bougatsa.

A night here costs less than a sun lounger and Champagne on some islands—my room is around \$200.

The next morning I head east, climbing more than 4,000 feet above sea level to the Grand Forest Metsovo, one of the region's few five-star properties. It sits high in the Pindus Mountains, its rugged-but-regal facade towering over the terrain, but everything about the place—the roaring lobby fireplace, the pool at the spa—is as warm as it gets. The staff pack me lunches, and we chat over freshly fried feta doughnuts at the bar; the service is more personable than what I've experienced at some of the world's best hotels.

Ellie Barmpagiannis, whose family opened the hotel in 2013, says she's started to receive more American bookings in the past few years. Most of them, she adds, are looking to explore a new side of Greece. They tend to find her not on Instagram but with the help of plugged-in travel advisers. (If the social media platform offers an indication of mass-market awareness, Grand Forest Metsovo has 19,000 followers; the high-end Mykonos resort Cavo Tagoo, 2.3 million.)

If one spot can capture the ethos of the Greek mountains, it's Meteora, a monastery complex that sits atop a stone pillar like an eagle's nest. I climb 195 rock-carved steps to reach a community where seven monks live. The purpose of this site is isolation for its religious dwellers, and indeed you feel closer to the heavens. I wonder how it will hold up as more travelers seek their next photo opportunity.

Apostolos Rantos, 29, shares the concern. He grew up in a nearby town and now leads English-language tours in Meteora. He's grateful that tourism has made it possible for young professionals to return to small towns, but worries Greece's economy has become too dependent on it. The industry represents a staggering 30% of gross domestic product, up from about 18% a decade ago. "When tourism becomes the only industry, part of the character is lost," he says.

On the way back to my hotel room, I think about posting the day's sights. But when I try to use my phone, there's no signal. I'm not mad about it. The mountains are there. **B**



RETREAT TO READ

A New Kind of Book Club

By Alice Robb

A Page Break reading retreat in New York's Catskill Mountains

For James Lackington, an 18th century British shoemaker turned bookseller, one good reason to marry was to secure a reading partner. “I was in raptures with the bare thoughts of having a woman to read with, and also to read to me,” he wrote in his memoir. In Elizabeth Gaskell’s 1866 novel, *Wives and Daughters*, the Hollingford Book Society was “the centre of news and gossip, the club, as it were, of the little town.”

Only recently has reading come to be seen as a niche activity—just 16% of respondents read for pleasure every day, according to the American Time Use Survey—as well as a solitary one. In part this is due to electricity and widespread literacy. But shared reading wasn’t just about saving candles; it provided “social engagement and discussion,” says Abigail Williams, an English professor at King’s College London and author of *The Social Life of Books*. Now it’s more acceptable to stare at your phone around others than to crack open a book.

So it was refreshing when, one morning in February, I sat down at a table laid with pastries and fruit, ignored the women already eating breakfast and opened *Motherland*, Julia Ioffe’s history of 20th century Russia, which I’d been carrying around for weeks. I didn’t worry about making small talk or seeming rude. We’d all signed up for Tanya Lynch’s £1,250 (\$1,663) Rest + Read retreat in West Wales. Although we had the option of hiking along the coast, attending journaling workshops or chatting by the fire, our official agenda for the weekend was to read.

Over the past few years, reading retreats—where groups of (mostly) women gather at a country house or hotel to work through their personal reading lists in silence—have sprung up across the US and the UK. Demand has been robust, with companies including Ladies Who Lit (£3,450 for four days in Mallorca; £1,500 in the UK), Page Break (\$1,000 to \$1,200) and Bad Bitch Book Club (\$950 to \$1,750) often selling out their offerings months in advance.

These events are part of an explosion of book-themed group activities driven by BookTok and celebrity-led virtual book clubs. Readers now have access to silent “parties,” as well as international tours and itineraries, inspired by the novels of Daphne du Maurier, Sarah Maas and J.K. Rowling. The experiences have “resocialized reading for us,” Williams says. “For centuries, that was the only way we read books—together.”

At times that meant intimate settings, like families gathered around the hearth to hear sermons or women reading to one another while sewing or drawing. But it also meant the side-by-side reading that used to be a feature of public life. From 2012 to 2022, public library visits in the US decreased more than 56%; and public commuting—which provided another chance to read and spy on others’ book tastes—declined as post-pandemic in-office policies became less restrictive. In the US, the number of people who usually work from home more than doubled from 2019 to 2023, according to the American Community Survey.

“There is a long link between reading in public and commuting,” says Leah Price, an English professor at Rutgers University and author of *What We Talk About When We Talk About Books*. British mogul Henry Walton Smith, founder of WH Smith, sold cheap romance novels and thrillers in London railway stations. Allen Lane, who revolutionized literature with Penguin Books’ brightly colored paperbacks in the 1930s, installed a so-called Penguincubator vending machine on station platforms.

It’s the opportunity to bond that draws people to reading retreats. “We all do everything together,” says Mikey Friedman, founder of Page Break, who gathers participants to share elaborate meals and play games as well as read aloud over the course of a weekend. Page Break is “not a super hardcore literary event,” he says, but caters largely to millennials and Gen Zers too busy to commit to a book club. (The online FAQ notes “the wine will be flowwwwing.”) It’s proven so popular that Friedman uses a lottery system to allocate places. For a recent retreat in Joshua Tree, California, he received 50 applications for 15 spots.

At Boutique Book Breaks, which take place at spa hotels across the English countryside, participants practice yoga, visit bookstores and explore the area when not quietly reading. “Most of the people are there to build community and to talk to other well-read women,” founder Emma Donaldson says.

“It really felt like a big group of friends within the first few hours,” says Liselotte van der A, a Dutch architect working for

of *Reading Communities From Salons to Cyberspace*, traces the current popularity of women’s book clubs to the consciousness-raising groups of the 1960s and ’70s. “Women needed a place where they could continue their education and get away from all of the domestic duties that they had to do,” she says. “I don’t know that that’s much different now.” In Wales my fellow attendees marveled at the freedom of no one asking what’s for dinner.

Last year author Gretchen Rubin organized a two-night reading retreat with her sister, Elizabeth, at a hotel in Santa Barbara, California. The pair fell into an easy rhythm: long reading sessions in bed punctuated by meals and postprandial walks. “It was the most delightful thing of all time,” Rubin says. She binged *A Town Like Alice* (368 pages) in a single day, then turned to an Iris Murdoch novel that demanded complete focus. Elizabeth’s presence provided companionship but also a measure of accountability: Left to her own devices, Rubin admits, she would have been tempted to answer emails.

The retreats’ value lies in carving out time away from everyday responsibilities and screens. “Traditionally the thing that crowded out time to read was your job,” says Price, the Rutgers professor. “Now, for most of us, it’s competition from short-form digital content.” It wasn’t just the pandemic that killed the commute as a daily reading retreat; it was also the introduction of Wi-Fi underground. Uli Beutter Cohen, who interviews commuters about their reading choices for her Instagram account,

I left with clarity about what I actually need to concentrate

the government who attended Boutique Book Breaks last year despite having no trouble finding time to read. She logged more than 100 books (mostly romance) on Goodreads in 2025. “While we were all reading different things, we were swapping stories.” At my own retreat in Wales, our dinner conversation veered easily from favorite bookstores to the virtues of first-person narration to who’d been disappointed by their husband.

Even reading retreats without “ladies” or “bad bitch” in the title tend to attract a predominantly female crowd. (Donaldson says Boutique Book Breaks so far has had one male guest, and she notes he was gay.) The demographics partly reflect the feminization of reading in the late 20th and 21st century, with women now making up the majority of the publishing workforce, plus a lion’s share of novelists and novel buyers. But they also reflect wellness-coded marketing and paraphernalia.

“Reading retreats promote the idea that time spent focusing your attention on literature can be just as restorative as getting a facial or a massage,” says author and publishing consultant Leigh Stein. I arrived in Wales to find a gift bag with a scented candle and a box of chocolate truffles. The bathrooms included bowls of decorative seashells and jars of pink Epsom salts. Heat blasted throughout the house, and everyone spoke in soft voices. I felt as if I was at some kind of patriarchy rehab.

DeNel Rehberg Sedo, a communications professor at Mount Saint Vincent University in Halifax, Nova Scotia, and an editor

told *LitHub* that 2018, when the internet became reliable throughout the New York City transit system, “was a horrible year” for her Subway Book Review.

Prior to Wales, my one experience in digital detox had been two days in a Wi-Fi-free cabin operated by travel company Unplugged. I didn’t arrive with any lofty reading goals, but time expanded without my phone: Not only did I take long, restorative walks in the woods and rediscover my childhood love of chess, but I also read Thomas Peermohamed Lambert’s 384-page satire of academia, *Shibboleth*. A recent transatlantic plane ride—on which I started and finished a galley of Sarah Wang’s novel *New Skin*—reminded me that I’m not a slow reader (as I tell myself), but a distracted one.

At February’s Rest + Read, I was still susceptible to the lure of my phone. As much as I appreciated the sea view, a lockbox for my device might have been more conducive to my concentration. I spent one of my precious mornings listening to the waves and scrolling on my phone. When I heard voices and laughter from the kitchen, I couldn’t resist going downstairs.

Over the course of the weekend, I made it through only about 100 pages of *Motherland*. But I left with clarity about what I actually need to concentrate. On the train home, I put my phone on airplane mode and read two more chapters. When I looked up and saw the passengers around me immersed in their various devices, I realized how much I missed the women I’d just left. **B**

Marc Chagall's *The Sources of Music* at the Metropolitan Opera



CULTURAL CAPITAL

MARC TO MARKET

A Chagall sale is reinventing art ownership

By Felix Salmon

Why would anyone buy a work of art they can't move? For centuries people have bought art because they want to possess it, live with it, control it. But the Metropolitan Opera is forcing the art world to rethink one of its most fundamental assumptions.

The New York institution is putting up for sale two massive paintings by the Russian-born French master Marc Chagall that have been a defining feature of the opera house lobby since it opened in 1966. Titled *The Sources of Music* and

The Triumph of Music, they dominate the Met's narrow lobby and, through massive windows, much of Lincoln Center. The two murals are deeply linked to their location: They feature not only composers such as Mozart and Wagner but even former Met General Manager Rudolf Bing, flying over Manhattan with a mandolin. Were they to move anywhere else, they'd lose much of their idiosyncratic charm, the very thing that makes them so desirable. That's why Peter Gelb, the Met's current GM, says he sees no problem imposing a major condition on their sale—that they remain in situ. "The image of the Chagalls just inside the facade of the Met is an iconic symbol of New York. Their value, for anyone who owns them, is in keeping them at the Met."

Gelb's breezy matter-of-factness belies the unprecedented nature of what he's attempting. As New York University art-law professor Amy Adler says, "This whole sale raises fascinating questions about why we own art."

Some things bear a family resemblance to the proposed deal—naming rights, non-fungible tokens (NFTs), immovable stones on the Pacific Ocean island of Yap that centuries ago were used as money—but the sale of *Charging Bull*, the 7,100-pound bronze behemoth of Wall Street, is the most direct parallel. Of several versions, the original is the most valuable because of, not despite, its rootedness. It's this bull, in this place, that's the tourist attraction. Move it anywhere else and the magic evaporates. That's why its sculptor, Arturo Di Modica, managed to sell it to billionaire financier and art collector Joe Lewis on condition it not be moved.

The Chagall murals are, literally, a much bigger deal. They're bigger in size, at 36 feet by 30 feet apiece; they're bigger in value, with a \$55 million price tag placed on them by Sotheby's, according to the *New York Times*; and they loom infinitely larger in the history of art, being painted by a top-tier artist whose auction record is more than 70 times that of Di Modica's. So what made Gelb think a sale was even possible? Sheer desperation was surely part of it: The Met's box-office revenue of \$70 million last fiscal year was dwarfed by its \$326 million budget.

PHOTO: JONATHAN TICHLER/MET OPERA ■ ILLUSTRATIONS BY LAN TRUONG

It's going to be fascinating to see how much the Chagalls fetch. On one level, Gelb's condition makes perfect sense: They're a custom installation. What's more, Chagall painted them in France, which means, under French law, his estate has a permanent moral right of integrity, allowing it to oppose any alteration or misuse of the work.

Given they can't be moved, should the murals sell at a discount to their unencumbered value? Maybe not: There's real value, to a buyer, in being able to permanently display your art in one of the world's most prominent locations.

Sotheby's \$55 million valuation likely already incorporates a discount. Consider that another Chagall painting from the same year, *Le Songe du Roi David*, sold at Christie's in November for \$26.5 million. Not only is it much less well known, but it also takes up less than 3% of the murals' combined square footage. In today's art world, "wall power" is a value driver. The Met's Chagalls have that in spades—and, unusually for oversize art, they come with the perfect wall, not to mention a massive audience, thrown in for free. In the world of big-money art collecting, that much available wall space is even harder to find than a \$50 million painting.

Maybe, then, the fixed location should increase rather than decrease the value of the murals. "They're known worldwide," notes art appraiser Barbara Sussman. "That changes the value a lot. It's celebrity recognition." And aside from the publicity and the notoriety, she continues, Lincoln Center is "just a place that is full of celebration of the arts. Anybody that affiliates themselves with that is going to get a tremendous gain in feeling good about what they've done with their money."

One way of looking at the Chagall sale is to ask why someone *wouldn't* want to underwrite a pair of world-famous paintings in return for a large check. A majority of ultrahigh-net-worth individuals, after all, have mastered the art of possessing both great wealth and negligible taxable income, which means charitable donations don't help them very much with tax write-offs. (You can't write off more than 60% of your adjusted gross income, which for a lot of big charitable

donors is a tiny fraction of their annual giving.) If you're not getting a tax write-off, why not get some theoretically resellable art instead? The Chagalls begin to look like the billionaire version of an NPR tote bag, a lagniappe offered to encourage generosity.

Wait long enough and a buyer might even end up making money on the deal. "The people who pay these prices, maybe they are getting some kind of what economists would call warm glow, an altruistic effect from giving money," says University of Rochester finance professor Narayana Kocherlakota. "But I would suggest to you that some component, and maybe even a sizable component, is simply the betting that these Chagalls are going to be worth more in the future."

To be sure, no buyers are likely intending to flip the Chagalls. These are trophy assets, to be handed down to future generations, with pride of ownership expanding along with the family dynasty. Besides, the quasi-charitable aspect of the purchase, in which the funds are going to a good cause, would no longer apply with any future sale.

That said, the Chagalls, as valuable assets, can always be donated to a nonprofit, with the donor taking a tax deduction. And in the meantime they can be used as collateral against loans: The Met borrowed against them in 2009 and has been refinancing ever since. For rich families, nonrecourse collateral has value of its own.

If and when the Chagalls do sell, they'll immediately set a hugely important precedent. If the Metropolitan Opera can have its cake and eat it by both selling and retaining the murals, could other institutions—maybe even art museums—do the same? Could the Museum of Modern Art sell Van Gogh's *The Starry Night*? Could the Louvre sell the *Mona Lisa*? So long as the works remain permanently on display in those institutions, why not?

As someone who's more invested in these Chagalls than most—I proposed to my wife in front of them—I can personally attest that the presence of a plaque denoting private ownership wouldn't have cheapened the moment in the slightest. **B**

Pursuits Picks For May

By Sarah Rappaport

THEATER

1536



Picture it: In a small village in Essex, the year that Henry VIII ordered the beheading of Anne Boleyn, three women meet to gossip over the news. The award-winning West End transfer bracingly brings Tudor court intrigue out of *Wolf Hall* and into the all-too-real dynamics of women's place in marriage and society, even today. *May 7; Ambassadors Theatre*

ART

"In Minor Keys" at the Biennale Arte 2026



The art world's biggest international gathering returns to Venice, with 99 country-specific shows set all around the lagoon and 111 participants joining the 61st edition's main group exhibition in the Giardini and Arsenale. Cameroonian curator Koyo Kouoh, who passed away suddenly last year, conceived the theme to be like music hitting the softer registers of resonance. *May 9-Nov. 22*

STREAMING

The Boroughs



Stranger Things creators Matt and Ross Duffer age things up for their second act. Set in a quiet New Mexico retirement community, stars Geena Davis, Bill Pullman and Alfre Woodard discover they may be the last line of defense against an otherworldly, supernatural threat. *May 21; Netflix*

BOOKS

The Midnight Train



Nearly six years after the blockbuster success of *The Midnight Library*, British author Matt Haig returns with another time-traveling adventure about relationships, heartbreak, regret and what we would change if we could do it all over again. *May 26; Viking*

FILM

The Backrooms



What happens when a 4chan post turns into a viral horror phenomenon getting an A24 budget? Kane Parsons adapts his eerie YouTube series—born out of a crowdsourced "creepypasta" (internet folklore) of an endless maze of dimly lit yellow-tinted rooms—for this big-screen nightmare. Oscar nominees Chiwetel Ejiofor and Renate Reinsve star. *May 29*

Lyrical Branding

● By Karen Lurie

These days, a pop star is only as good as what they're hawking. We've rewritten the lyrics to six hit songs to reference each artist's brand extension. Can you name all six artists and the brands alluded to in the lyrics? When you're ready for the answers, turn to page 6.

1. Tastin' away again, big plate of fish 'n' chips.
Slurpin' down that tequila cocktail—
They're everywhere from Cozumel to Times Square.
Yeah, you found...Parrot Heads' holy grail.



Artist _____

Brand _____

2. Got you looking so sporty right now,
Like sneakers and hoodies and leggings right now.
Got you wearing athleisure right now—
Its name shares a word with my daughter's
name now.



Artist _____

Brand _____

3. Workin' 60 years. Queen of Country? I'm no boaster.
But I thought you might wanna ride a roller coaster.
Down in Tennessee:



Artist _____

Brand _____

4. If you're a true cosmetics lover,
Find my name on the cover.
You can buy my blush and mascara,
You can buy my blush and mascara,
'ara, 'ara, ay, ay, ay.



Artist _____

Brand _____

5. Mama, take this drink from me.
Been folk singin' for so long.
Check out my distillery,
With a name that's taken right from this song—
Take-take-taken right from this song.



Artist _____

Brand _____

6. One, two, three and to the fo'—
These in your ears, won't hear your partner snore.
Ready to catch a podcast or hear some books?
Or my bars and raps and classic hooks?



Artist _____

Brand _____

ILLUSTRATIONS BY OLGA PRADER

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GO AHEAD, TAKE IT TO THE MUSEUM.



GMC
HUMMER EV
WITH 4-WHEEL STEER

Professionally driven on a closed set.



CRISTINA MITTERMEIER

JAMES CAMERON

HINDOU OUMAROU IBRAHIM

GRÉGOIRE COURTINE

SYLVIA EARLE

REACH FOR THE CROWN



SUPPORTING THOSE WHO PRESERVE THE PLANET, SINCE 1976.



THE EXPLORER



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