

Safety issues on 'Rust' set

['Rust,' from A1]
Rust Movie Productions LLC had followed national film industry standards for firearm safety," New Mexico Environment Cabinet Secretary James Kenney said in a statement. "This is a complete failure of the employer to follow recognized national protocols that keep employees safe."

The fine is among the largest ever levied by the agency against a film production company. In 2015, the U.S. Occupational Safety and Health Administration fined the producers of the aborted movie "Midnight Rider" \$74,900 after 27-year-old camera assistant Sarah Jones was killed and other crew members were injured in a train accident. Authorities said the producers did not have permission to film on the Georgia railway in a case that similarly galvanized film crews and led to calls for safer sets.

The New Mexico report will be a boost to the family of Hutchins, which has sued the producers and others linked to the production — including actor-producer Alec Baldwin, who fired the prop gun containing live ammunition — alleging they breached a number of safety standards. The cinematographer's death became a rallying cry for film set safety and a reminder of other lives lost in the industry.

"We are pleased that the NM OSHA report has shed some light on the workplace safety issues that plagued 'Rust' and led to the tragic and fatal events of Oct. 21, 2021," Brian Panish, the attorney for the Hutchins family, said in a statement. "Our own investigation has found overwhelming evidence of recklessness and negligence on the part of the 'Rust' production team and others."

Under federal requirements, Rust Movie Productions has 15 business days after receiving the citation to either pay the penalty and provide the Occupational Health and Safety Bureau with certification of corrective action, or to contest the citation, the bureau said.

"While we appreciate OSHA's time and effort in its investigation, we disagree with its findings and plan to appeal," said Stefan Friedman, a spokesman for Rust Movie Productions. "Our thoughts and prayers remain with Halyna's family."

The bureau had six months from the incident to report its findings. It said the guidelines breached included failing to ban live ammunition from the set, not holding safety meetings when firearms were being handled and failing to ensure that employees refrained from pointing a firearm at anyone except after consultation with the property master, armorer or other safety representatives, such as the first assistant director.

In New Mexico, the state



ROBERTO E. ROSALES Albuquerque Journal

A NEW MEXICO inquiry into the death of Halyna Hutchins found "a complete failure of the employer to follow recognized national protocols" for safety.

administers the federal Occupational Safety and Health Administration program, which regulates workplace safety.

The Santa Fe County Sheriff's Office is conducting a criminal investigation into how a live bullet got onto the set and was loaded into a weapon without being checked.

A walkout by the camera crew over working conditions preceded the perilous course of events on the day of the shooting. During rehearsals on Oct. 21, Baldwin fired a prop gun, which he said he was unaware had been loaded with a live round, killing Hutchins and wounding director Joel Souza. He also said he did not pull the trigger.

In an 11-page document made public online, the government investigators described a litany of safety violations and delays in getting access to the scene.

A day after the shooting, an inspector for the agency, Lorenzo Montoya, went to the Bonanza Creek movie ranch outside of Santa Fe. But Montoya said he was stopped by three armed guards who relayed a message from management that he was not allowed to take pictures or conduct interviews without a warrant.

The inspector left and returned on Oct. 25, after the Sheriff's Office had released the site and the production granted the agency access for an inspection without a warrant. Among those present were line producer Gabrielle Pickle and Jessica Hoffman, a field representative of the local chapter of the International Alliance of Theatrical Stage Employees union, the inspector said.

"Rust" producers broke several safety standards they set for themselves, investigators found.

The investigators said "Rust" managers or supervisors — including Sarah Zachry, the property master,

and Dave Halls, the safety coordinator and first assistant director — did not follow industry safety guidelines for firearms and blank ammunition on set.

They said the "Rust" production did not develop a process to ensure live rounds were not brought onto the set and failed to give armorer Hannah Gutierrez Reed enough time to inventory the ammunition.

The industry guidelines also require sufficient training to handle guns. But the production violated that guideline when Pickle told Gutierrez Reed on Oct. 17 via text message that there would be no more training days, depriving the armorer of the authority to decide whether additional training was needed, the investigators said.

The investigators blamed Pickle, who had raised concerns with Gutierrez Reed that unattended guns were found on set, for not following up with her instruction to the armorer to implement a system to secure weapons and for ignoring the armorer's concerns about not having adequate time to perform her duties. Gutierrez Reed previously had complained that she was stretched between the duties of being the armorer and assisting the props department.

Hutchins was shot during a rehearsal in a church on the ranch when Baldwin drew a weapon from its holster and pointed it at the cinematographer and the director. According to law enforcement records, Halls had handed Baldwin a replica of a vintage Colt .45 pistol, pronouncing it "cold," meaning there was no ammunition inside. But the gun contained dummy rounds and at least one lead bullet.

Investigators said that was another safety breach as Halls, who they described as "Rust's top-level manage-

ment safety official," did not consult with the prop master or armorer about the loading of the firearm and in handing it to Baldwin, and in deciding whether it was necessary to point the gun at a person.

The investigators further faulted "Rust" management for not investigating and taking action when they were informed of various accidental misfires on the set.

Additionally, they found that safety meetings fell short of what was needed. Although employees told the inspectors that safety meetings took place, they were not conducted each day firearms were used on set and there was not enough information shared about the use of firearms, according to the report.

"The employer, Rust Movie Productions LLC, demonstrated plain indifference to the hazards associated with firearms by routinely failing to practice their own safety protocols, failing to enforce adherence to safety protocols, and failing to ensure that the handling of deadly weapons was afforded the time and effort needed to keep the cast and crew safe," the report said.

Lawyers for Gutierrez Reed welcomed the findings.

"Had anyone from production called Hannah back into the church before the scene to consult with her, this tragedy would have been prevented," attorney Jason Bowles said in a statement. "Hannah has also reached out to OSHA recently in an effort to provide her suggestions for changes and improvement of safety standards on sets to avoid a tragic incident in the future."

Representatives of Halls and Zachry did not immediately respond to a request for comment.

Times staff writer Meg James contributed to this report.

Tesla posts record 1st-quarter profit

By **DANA HULL**
AND **SEAN O'KANE**

Tesla Inc. reported better-than-expected first-quarter results, buoyed by strong demand for its electric vehicles, but warned of supply chain challenges for the rest of the year.

The first major U.S. automaker to report financial results for the first three months, Tesla easily beat estimates with a record profit. It cautioned that production remains constrained by shortages of key components, a common refrain for automakers because of global bottlenecks on supplies of semiconductors and other parts.

"Our own factories have been running below capacity for several quarters as supply chain became the main limiting factor, which is likely to continue through the rest of 2022," it said in a letter to shareholders.

But the Austin, Texas, company posted strong gains in profit and revenue for the first three months, including the sale of regulatory credits totaling \$679 million — more than double the amount in the previous quarter. Tesla has generated billions through credit sales that enable other automakers to comply with stricter emissions regulations.

"It's a big number, and it speaks to where the rest of the auto industry is when it comes to selling EVs in high volumes," said Gene Munster, managing partner at Loup Ventures. "They are still behind" Tesla, he said.

Shares of Tesla were down 5% at \$977.20 at the close in New York but rose as much as 5.3% in after-hours trading.

Although Tesla is still by far the world's most-valuable auto company, with a market capitalization of \$1.01 trillion, the shares have declined 7.5% this year amid concerns about global shortages of key parts. But the company has fared better than bigger-volume rivals, such as General Motors Co. and Ford Motor Co., whose shares are down 29% and 23%, respectively.

Profit at Elon Musk's electric-vehicle and clean-energy company totaled \$3.3 billion, or \$3.22 a share, excluding some items, the automaker said Wednesday. That beat the \$2.27 average of analysts' estimates. Revenue rose to \$18.8 billion, compared with estimates of \$17.9 billion.

A COVID-19 lockdown in Shanghai forced its factory to halt output, crimping pro-

duction in China. "Although limited production has recently restarted, we continue to monitor the situation closely," Tesla said.

The global EV market leader is expanding on three continents, with new factories in Austin and Berlin alongside existing plants in California and Shanghai. It delivered more than 936,000 vehicles last year and reported deliveries of 310,048 vehicles worldwide in the first quarter. The company said it's still projecting 50% annual growth.

Tesla continues to add to a growing war chest: It finished the first three months with \$18 billion in cash and cash equivalents. It also continues to chip away at its debt load, carrying less than \$100 million in debt at the end of the quarter, excluding financing for its vehicle and energy products.

Also on Wednesday, Musk defeated an attempt by investors suing over his 2018 tweet about taking Tesla Inc. private to make him stay quiet about the case until it goes to trial next year. The investors "failed to make a satisfactory showing" that an order restricting Musk's public commentary is required or warranted, a federal judge ruled.

The shareholders asked the judge to order restrictions on Musk's commentary after he publicly complained at a TED talk that he was "unlawfully" forced to settle a 2018 U.S. Securities and Exchange Commission lawsuit over the same tweet that's at the heart of the San Francisco case headed for trial in January.

The investors said Musk's comments threatened to "taint" the jury that will decide whether he committed fraud.

Musk argued that such an order would trample his rights to free speech.

U.S. District Judge Edward Chen agreed with Musk's argument that the comments investors found objectionable wouldn't reach the millions of potential jurors in the case. Jurors will be drawn from a large, populous, metropolitan community, Chen said.

Chen also acknowledged for the first time that he had concluded Musk's tweet about taking Tesla private with "funding secured" was false. The judge's ruling on that issue remains publicly unavailable but has been cited by investors in court filings.

Hull and O'Kane write for Bloomberg. Bloomberg writer Joel Rosenblatt contributed to this report.

MARKET ROUNDUP

Stocks are mixed amid Netflix drama

ASSOCIATED PRESS

Wall Street's major stock indexes ended mixed Wednesday after another day of choppy trading, while Netflix lost more than a third of its value after reporting its first subscriber loss in more than a decade and predicting more grim times ahead.

The Standard & Poor's 500 index slipped 0.1% after a late-afternoon fade, while the Nasdaq composite fell 1.2%. The Dow Jones industrial average rose 0.7%, having received a bump from IBM, which added 7.1% after reporting quarterly results that beat analysts' estimates.

Netflix slumped 35.1% a day after the streaming giant reported its first decline in subscribers in more than a decade. The stock is now down 67% from the all-time high it reached in November.

The skid in Netflix weighed heavily on the S&P 500, outweighing gains elsewhere in the benchmark index, and hit the communication services sector the hardest, pulling it 4.1% lower.

"While it is in communication services, it is also a discretionary stock, clearly, in that it's one of those things people buy because they want, not because they have to," said Randy Freder-

Major stock indexes

Index	Close	Daily change	Daily % change	YTD % change
Dow industrials	35,160.79	+249.59	+0.71	-3.24
S&P 500	4,459.45	-2.76	-0.06	-6.44
Nasdaq composite	13,453.07	-166.59	-1.22	-14.01
S&P 400	2,702.73	+20.28	+0.76	-4.90
Russell 2000	2,038.19	+7.42	+0.37	-9.22
EuroStoxx 50	3,896.81	+66.05	+1.72	+0.36
Nikkei (Japan)	27,217.85	+232.76	+0.86	-5.47
Hang Seng (Hong Kong)	20,944.67	-83.09	-0.40	-10.48

Associated Press

ick, vice president of trading and derivatives at Charles Schwab.

Technology firms, retailers and other companies that rely on consumer spending also weighed on the market. Chipmaker Nvidia fell 3.2% and Amazon dropped 2.6%.

Healthcare stocks made some of the biggest gains. CVS rose 2.7% and medical device maker Boston Scientific added 3%.

Banks and household product makers also bucked the market's overall decline. JPMorgan Chase rose 0.4%, while Charmin and Dawn maker Procter & Gamble rose 2.7% after beating analysts' quarterly earnings forecasts.

Tesla rose 4% in after-hours trading after reporting first-quarter net earnings that were more than seven times greater than a

year earlier.

All told, the S&P 500 slipped 2.76 points to 4,459.45, and the Nasdaq fell 166.59 points to 13,453.07. The Dow rose 249.59 points to 35,160.79.

Smaller-company stocks held up better than the broader market. The Russell 2000 added 7.42 points, or 0.4%, to end at 2,038.19.

Investors continue focusing on the latest round of corporate earnings as they try to determine how companies are dealing with high inflation and cost pressures. American Airlines and Union Pacific are due to report results Thursday.

Rising prices have prompted the Federal Reserve and other central banks to raise interest rates to help temper inflation's effect.

"The market knows the Fed's going to hike rates a

bunch," said Scott Wren, senior global market strategist at Wells Fargo Investment Institute. "But, the market is feeling pretty good that once we get to neutral, then in 2023 maybe you don't go a lot further."

Interest rates are considered "neutral" when they neither push nor restrict economic growth. Currently, investors expect rate hikes to increase the benchmark interest rate to somewhere between 2.50% and 3% by the end of the year, according to CME Group's FedWatch tool.

Bond yields have been rising throughout the year as Wall Street prepares for higher interest rates. The yield on the 10-year Treasury note eased to 2.84% from 2.91% late Tuesday, but it's still near its highest level since late 2018.

Higher bond yields have been pushing up mortgage rates. The National Assn. of Realtors reported Wednesday that sales of previously occupied U.S. homes fell in March to the slowest pace in nearly two years.

U.S. crude oil prices rose 0.2% on Wednesday and are up nearly 40% for the year, pushing gasoline prices higher. Wheat prices are up 41% for the year, and that has the potential to increase prices for a wide variety of food products globally.

PEOPLE ON THE MOVE



Daniel Dumke

CONSTRUCTION & ENGINEERING

Daniel Dumke Shawmut Design and Construction

Shawmut, a \$1.3 billion construction management firm, appointed Daniel Dumke as senior director of major projects to drive market share across sectors, including education and ground-up commercial. With 37 years of experience, Dan will leverage his portfolio of large, complex projects to lead strategies for the successful execution of major projects.



Clint Carnell

HEALTHCARE

Clint Carnell, InBrace

Clint Carnell has joined InBrace as the Chief Executive Officer. InBrace, one of the fastest growing companies in the \$40 billion orthodontics market, is accelerating growth with the recent launch of the Company's Generation-2 Smartwire, sales force expansion, and the launch of InStudio training and experience centers throughout North America.



Dominic Waechter

ACCOUNTING

Dominic Waechter DLD Accountancy, LLP

DLD Accountancy, LLP announced the addition of Dominic Waechter, B.S., M.B.T., C.P.A., to its team. With a professional background in real estate and property management, and an educational foundation in business, taxation and accountancy, Waechter brings a deep understanding of tax preparation, real estate, investments and estate planning to the team.

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