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United States Senate
WASHINGTON, DC 20510

May 18, 2026

The Honorable Omeed Assefi
Acting Assistant Attorney General – Antitrust Division
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Mr. Assefi:

I write regarding the proposed transaction involving Warner Bros. Discovery and Paramount Skydance.[1] On April 23, 2026, shareholders of Warner Bros. Discovery approved a proposed merger with Paramount Skydance in a preliminary vote, following a bidding process in which Paramount offered $31 per share for the company amid competing interestswh from Netflix and Comcast.[2] While I do not oppose all mergers and believe in some cases they can promote investment, large acquisitions in already heavily consolidated markets like entertainment can pose serious risks. I urge the Department of Justice's Antitrust Division to conduct a thorough, independent, and rigorous review of this transaction, consistent with the Department's obligations under Section 7 of the Clayton Act to prevent mergers where the effect "may be substantially to lessen competition, or to tend to create a monopoly," including in local markets like Arizona.[3]

The media and entertainment industry has undergone significant consolidation in recent decades, with more than $435 billion in mergers and acquisitions reshaping the competitive landscape.[4] This transaction would combine two of the largest vertically integrated film studios with prominent streaming platforms, further concentrating decision-making power in this already consolidated market. Labor organizations in the industry have raised concerns that increased concentration can reduce competition among employers, limit opportunities for workers, and place downward pressure on wages and working conditions.[5] Recent reporting also indicates that

[1] Dillon Fuhrman, "Warner Bros. Discovery and Paramount Skydance Sign Merger Agreement," *NBC News*, February 28, 2026, https://www.nbcnews.com/business/media/warner-bros-discovery-signs-merger-agreement-paramount-skydance-rcna261035
[2] Alex Sherman, "Warner Bros. Discovery Shareholders Approve Paramount Skydance Deal," CNBC, April 23, 2026, https://www.cnbc.com/2026/04/23/warner-bros-discovery-shareholder-vote-paramount-deal.html
[3] 15 U.S.C. § 18 (Clayton Act § 7), accessed April 27, 2026, https://www.law.cornell.edu/uscode/text/15/18.
[4] Writers Guild of America West, *Broken Promises: Media Mega-Mergers and the Case for Antitrust Reform* (Los Angeles: Writers Guild of America West, December 2021), https://www.wga.org/uploadedfiles/news_and_events/public_policy/broken-promises-merger-report.pdf
[5] Writers Guild of America, West, "https://deadline.com/wp-content/uploads/2026/02/SFR-WGA-SJC-Hearing-2-3-26.pdf"

similar transactions have resulted in layoffs and workforce reductions across the entertainment sector.[6]

At the same time, this transaction may have meaningful downstream impacts on local economies. Movie theaters are a Main Street industry that serve as cultural and economic anchors in communities across the country. Arizona has 80 theatres across our state, putting films on 869 screens. Twenty different theatrical exhibition companies operate in-state and eight are headquartered here, including Harkins, one of the largest chains in the country. For every dollar spent at a movie theater, an estimated additional $1.50 is spent at nearby businesses, including restaurants, retail outlets, and transportation.[7] Should additional concentration lead to a reduction in theatrical releases, shortened release windows, or changes in distribution strategy, it will impact these local communities. Reduced foot traffic could drive down economic activity for local businesses and workers not just in theatrical exhibition, but across the economy.

These considerations are particularly relevant for Arizona. Beacon Economics estimated that Arizona movie theatre related spending supported 11,607 jobs, generated $530.1 million in labor income, and produced $1.64 billion in total output in 2023, including especially significant impacts in Maricopa and Pima Counties.[8]

Diminished production will also directly impact Arizona's communities. In Phoenix alone, film production generated almost $30 million for Arizona's economy in 2024, employing Arizonans in food service, construction, transportation, healthcare, and other industries.[9] These impacts on workers, local economies, and output are directly relevant to the competitive effects the Division is required to evaluate in merger review under federal antitrust law, including labor market concentration, barriers to entry, vertical integration, and potential for reduced output and consumer choice. The Division's analysis should also be guided by the DOJ-FTC Merger Guidelines 2023, which emphasize risks associated with increased concentration, reduced competition, and harm to workers and consumers.

Past consolidation in the media sector also suggests that increased concentration can expand the market power of major studios, giving them greater leverage over production, distribution, and exhibition. Across theatrical distribution, market share is concentrated among a small number of major studios that collectively account for most domestic box office revenue.[10] Similar concentration patterns exist across streaming and traditional television markets, where a limited number of vertically integrated companies control both content creation and distribution channels.[11] In this market structure, additional consolidation risks further entrenching dominant

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[6] International Brotherhood of Teamsters, "Teamsters: Without Worker Protections, DOJ Must Block Paramount-Warner Merger," March 2026, https://teamster.org/2026/03/teamsters-without-worker-protections-doj-must-block-paramount-warner-merger/

[7] Beacon Economics, *2023 Economic and Fiscal Impact Analysis*.

[8] Beacon Economics, *2023 Economic and Fiscal Impact Analysis*.

[9] https://ktar.com/arizona-business/2024-film-eco-impact-phoenix/5661225/

[10] John Hazelton, "Disney Tops 2025 Studio Rankings with $6.58bn Global Box Office Take, Warner and Universal Follow," *Screen Daily*, January 4, 2026, https://www.screendaily.com/news/disney-tops-2025-studio-rankings-with-658bn-global-box-office-take-warner-and-universal-follow/5212392.article

[11] "Streaming Shatters Multiple Records in December 2025 with 47.5% of TV Viewing, according to Nielsen's *The Gauge*," Nielsen, January 20, 2026.

positions, limiting opportunities for independent theaters and producers, reducing the availability of mid-budget and independent films, and narrowing the range of content available to consumers.

Given these dynamics, I would appreciate responses to the following questions:

1. How is the Antitrust Division ensuring that its review of this transaction is conducted independently and based solely on competitive effects, without regard to external political or industry pressures?
    - Please explain what internal safeguards or review protocols are in place to ensure consistency and neutrality in high-profile merger reviews.

2. What is the expected timeline for review of this transaction, and how does it compare to similarly complex mergers in the media sector?
    - Additionally, what steps is the Division taking to ensure that the review is sufficiently thorough and not expedited in a way that could limit full consideration of competitive impacts?
    - How, if at all, has the recent leadership transition within the Antitrust Division affected the structure, staffing, or timeline of this review?

3. What mechanisms are in place to ensure that state-level concerns—particularly regarding local economic and labor impacts—are incorporated into the federal review?
    - How is the Department coordinating with state attorneys general who are also reviewing the transaction?

4. Given public reporting that the transaction could involve significant cost savings or "synergies," how is the Division evaluating the potential for job losses or workforce reductions as part of its competitive analysis?
    - To what extent are projected layoffs or consolidation of operations factored into the Division's assessment of competitive harm?
    - What data or metrics are being used to assess competition for workers in this sector?

5. How is the Division evaluating downstream economic effects in states like Arizona, where movie theaters serve as economic anchors for surrounding businesses?
    - Will the Division consider impacts to local employment, small business revenue, and community economic activity tied to theatrical distribution?
    - How is the Division analyzing whether the transaction could disadvantage independent producers, distributors, or exhibitors through vertical integration?

6. How is the Division assessing whether the transaction could reduce the number of films produced for theatrical release or limit the diversity of content available to consumers?

7. What lessons from prior media mergers are being applied in evaluating output and innovation effects?

8. How is the Division evaluating the potential for higher prices, reduced output, or diminished consumer choice across both theatrical and streaming markets?

9. If competitive concerns are identified, what types of remedies would the Division consider appropriate in a transaction of this scale?

10. In applying the 2023 Merger Guidelines, how does the Division assess whether the risks associated with increased concentration and reduced competition can be effectively addressed through behavioral commitments, or instead require structural remedies or litigation?

Ensuring robust competition in the media marketplace is critical not only for economic growth, but also for supporting local businesses, workers, and a diverse creative ecosystem. I appreciate your attention to this matter and look forward to understanding how the Department is approaching its review.

Sincerely,

Ruben Gallego
United States Senator