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BY ELECTRONIC FILING

Marlene Dortch
Secretary
Federal Communications Commission
45 L Street NE
Washington, DC 20554

Re: Skydance Media and Paramount Global, MB Docket No. 24-275

Dear Ms. Dortch:

Project Rise Partners (“Project Rise”) submits this written ex parte presentation as an informal objection to the proposed merger between Paramount Global and Skydance Media.¹

Americans are entitled to video content and networks free of foreign influence, especially the pernicious influence of the People’s Republic of China; to networks open for independent programmers and free of bundling practices that cut budding independent networks down before they can blossom; to content that is generated by talented professionals rather than bots; and to programming networks that are not withholding distribution unless distributors pay an ever growing king’s ransom, without any concomitant increase in quality. Project Rise rises to join a veritable chorus of entities, from all walks of life and all ideologies in the media ecosystem, that have expressed serious concern about the proposed acquisition of CBS and Paramount by Skydance.²

Skydance seeks to acquire some of the nation’s most venerable networks, which have prospered under the enlightened stewardship of the Redstone family. Skydance, for its part, counts an entity designated as a Chinese military company³ and partly owned by the Chinese government among its investors; it has not made any commitment to avoiding the bundling

¹ See 47 C.F.R. § 73.3587.

² Entities that disagree among themselves on many other questions converge on their concern for this transaction. They include the Center for American Rights, LiveVideo.AI Corporation, One Ministries, Fuse Media, Mack Toys, Gabelli Value 25 Fund, the International Brotherhood of Teamsters, the Writer’s Guild, SAG-AFTRA, and the Communications Workers of America.

³ Press Release, Department of Defense, DOD Releases List of Chinese Military Companies in Accordance with Section 1260H of the National Defense Authorization Act for Fiscal Year 2021, (Jan. 7, 2025), <https://www.defense.gov/News/Releases/Release/Article/4023145/dod-releases-list-of-chinese-military-companies-in-accordance-with-section-1260/> (“List of Chinese Military Companies”).

practices recently castigated by a federal court in the *FuboTV* case; it has similarly made no commitment to curb further unwarranted retransmission price increases; and it seems bent on replacing talented humans with machines rather than marshaling artificial intelligence to enrich instead of displacing human creation. Indeed, the record is barren of evidence from the applicants that the transaction serves the public interest in any of these key areas. Project Rise requests that the Commission cure the current evidentiary dearth of the record by asking the applicants questions on these topics and putting in place a protective order to allow the applicants to provide highly confidential information without risk of public disclosure in response.

The proposed merger specifically raises serious public interest concerns that the Commission should thoroughly investigate, including the risk of: (i) facilitating and perpetuating practices related to the tying of multiple programming networks in a manner that inhibits the creation of new programming content; (ii) the influence of a Chinese military company partly owned by the Chinese government and the Chinese Communist Party over one of the four major national broadcast networks – the *sanctum sanctorum* that the Commission and the Communications Act have consistently and rightly viewed as the part of the U.S. communications ecosystem that is most vulnerable to foreign interference; (iii) undermining the integrity of national and local broadcast news; and (iv) increased consumer prices. These issues merit close scrutiny.

When there are substantial or material issues of fact as to whether grant of an application is in the public interest, the Commission is required to either dismiss the application or designate it for hearing. As an initial matter, the Commission must determine whether there are substantial and material questions of fact that preclude immediate grant of an application to transfer control of a broadcasting station. In reviewing the record, the Commission must designate an application for hearing if “the totality of the evidence arouses a sufficient doubt” as to whether grant of the application would serve the public interest.⁴ The Communications Act also prohibits the transfer of control of a license, either *de jure* or *de facto*, without prior Commission consent.⁵ In this case, there are substantial and material questions of fact that must be answered before the Commission can determine that the transaction is in the public interest. Moreover, there are signs that the proposed acquirer may already have assumed control over certain core activities of the licensee. Assumption of *de facto* control without prior Commission approval is strictly prohibited, and these signs, too, should be investigated.

Project Rise, a partnership affiliated with independent programmers, is interested in acquiring CBS and Paramount. Project Rise has a vision for a CBS/Paramount that builds on its venerable past while at the same time creating a greenhouse for new content, including conservative, progressive, niche voices, and unrestrained freedom of expression. Project Rise is intent on modernizing, diversifying, and expanding brands like BET, MTV, Nickelodeon, and Showtime rather than eliminating them. Project Rise intends to invest in state-of-the-art

⁴ 47 U.S.C. § 309(e).

⁵ 47 U.S.C. § 310(d).

distribution technology to reach global audiences. Of course, the Commission does not have the authority to compare bids for a licensee, and Project Rise is not requesting such a comparison. But the Commission may, and must, evaluate whether the proposal before it serves the public interest. The Commission should ask searching questions to aid in its evaluation.

The Transaction Risks Facilitating and Perpetuating Anticompetitive Bundling Practices

It is well-known in the television industry that the major television conglomerates bundle their programming in a way that creates bloated pay television packages. This bundling harms consumers by forcing them to pay for content that they do not want; just as important, it sucks the oxygen out of the greenhouse of independent programming as such content finds it nearly impossible to secure carriage. Recent litigation in the Southern District of New York, *FuboTV v. Walt Disney Co.*, exposed the anticompetitive nature of these bundling practices as an illegal tying arrangement that is “on balance . . . bad for consumers.”⁶ The transaction currently before the Commission for approval contains no safeguards against this anticompetitive practice. For that reason, there is a significant risk that the transaction will facilitate and perpetuate anticompetitive tying. Project Rise urges the Commission to seize the opportunity to investigate Skydance’s plans for licensing the Paramount/CBS television networks, together with Skydance’s own programming, in order to protect against illegal tying.

In *FuboTV*, online television distributor Fubo sued Disney/ESPN, Fox, and Warner Brothers Discovery over their plans to launch an anticompetitive joint streaming venture for sports content. In that lawsuit, Fubo also asserted claims against Disney/ESPN and Fox for their practice of forcing television distributors to license unwanted, unpopular channels in order to license popular sports content. Fubo claimed that these bundles constituted illegal tying agreements that violate federal and state antitrust laws.⁷ The federal district court agreed that Fubo’s allegations detailing these known bundling practices had stated a viable claim of illegal tying. Tying practices (conditioning the purchase of must-have programming on also purchasing less-desirable networks) harm competition in multiple ways. It hurts distributors’ ability to license independent programming.⁸ Distributors are forced to carry extra channels foisted on them by the networks, taking up capacity that might otherwise be occupied by independent programming channels. Bundling also raises prices. Distributors must pay for the extra content. These costs are passed on to consumers in the form of higher rates. These practices result in

⁶ *FuboTV Inc. v. Walt Disney Co.*, 745 F. Supp. 3d 109, 139 (S.D.N.Y. 2024). The case settled shortly after the Court refused to dismiss Fubo’s claims.

⁷ Am. Compl. at 66-69, ¶¶ 270-87, *FuboTV v. Walt Disney Co.*, No. 1:24-cv-01363-MMG (S.D.N.Y. 2024)

⁸ *Cablevision Sys. Corp. v. Viacom Int’l Inc.*, 2014 WL 2805256, at *2 (S.D.N.Y. June 20, 2014) (“Cablevision has, in any event, pleaded facts sufficient to support plausibly an inference of anticompetitive effects. For example, Cablevision alleges that if it were not forced to carry the Suite Networks, it ‘would carry other networks on the numerous channel slots that Viacom’s Suite Networks currently occupy.’ Cablevision also alleges that Cablevision would buy other ‘general programming networks’ from Viacom’s competitors absent the tying arrangement.”).

higher prices and a diminution of viewpoint diversity that pushes out programmers such as public affairs, conservative, and progressive media.

The concerns raised in the *FuboTV* litigation are fully present here. Paramount/CBS appears to engage in bundling practices virtually identical to those criticized in *FuboTV*. In fact, in 2004, the company's predecessor became subject to a Temporary Restraining Order issued by the federal district court for the Northern District of California against tying of its networks. That order was based on that court's finding, akin to the *FuboTV* decision, that the tying claims made against CBS/Viacom had a significant likelihood of success. The company's demands that distributors carry an entire bundle of its networks do not seem to have abated over time. If Skydance acquires Paramount/CBS, there is a significant risk that these wrongful tying practices will perpetuate and will be exacerbated. Bundling is a near universal practice among programmers.⁹ Skydance has not announced any intention to curb this anticompetitive practice. Rather, Skydance has announced that it will seek to invest in CBS's sports programming and increase CBS's sports market share by acquiring more rights to valuable programming.¹⁰ As Fubo demonstrated, sports programming that attracts live television viewers is the most exploited type of programming for tying purposes. An increased investment in sports programming will give Skydance greater economic power to coerce purchasers into buying tied products, and risks exacerbating this known public interest harm.

The Transaction Threatens National Security

Skydance raises a national security risk of the utmost importance – that of Chinese influence over a major broadcast network. This is the same type of concern that led the Commission to ban a number of Chinese companies from the U.S. communications markets.¹¹ It

⁹ *FuboTV Inc. v. Walt Disney Co.*, 745 F. Supp. 3d 109, 115 (S.D.N.Y. 2024) (“Among these complaints is the claim that the contracts force Fubo to carry (and pay for) unwanted non-sports networks that its customers rarely watch, as a condition of securing the rights to carry must-have sports channels. In the pay TV industry, this practice is called ‘bundling.’ . . . bundling has been a pervasive industry practice for decades[.]”).

¹⁰ Anthony Crupi, *Paramount and Skydance Will Beef Up CBS' Sports Portfolio*, Sportico (July 8, 2024), <https://www.sportico.com/business/media/2024/paramount-skydance-beef-up-cbs-sports-portfolio-1234786910/>.

¹¹ See FCC, List of Equipment and Services Covered By Section 2 of The Secure Networks Act, (last updated September 3, 2024), <https://www.fcc.gov/supplychain/coveredlist> (listing the 112 Chinese companies on the Covered List); see also Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs – Huawei Designation, *Order*, 35 FCC Rcd. 6604 (2020); Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs – ZTE Designation, *Order*, 35 FCC Rcd. 6633 (2020); Public Notice, FCC, Public Safety and Homeland Security Bureau Announces Additions to the List of Equipment and Services Covered by Section 2 of the Secure Networks Act, WC Docket No. 18-89, (Mar. 21, 2022); Public Notice, FCC, Public Safety and Homeland Security Bureau

also is a concern multiplied manifold as it implicates a network with a large number of broadcast licenses. Chinese company Tencent Holdings Limited (“Tencent”) is a major Skydance investor. It provided seed money for Skydance at the inception of the company. At that time, the partnership between the two companies was seen as an “opportunity for Tencent to co-finance Skydance films ... and support[] collaboration on other media initiatives, *including television, interactive and virtual reality.*”¹² Tencent subsequently increased its investment in Skydance in 2022, participating in a second funding round.¹³

As Chairman Carr has noted, China has “a track record of engaging in business and industrial espionage as well as blackmail and other nefarious actions.”¹⁴ The Chairman has also noted that “‘the Chinese government . . . poses the biggest long-term threat to our economic and national security’ and the CCP is ‘set on using every tool at their disposal’ to achieve its ends.”¹⁵ As a result, the Commission has taken action to limit Chinese involvement with Internet platforms, telecommunications networks and equipment, and radiocommunications devices such as garage door openers.¹⁶

These threats are even greater with respect to broadcast licenses, and greater still with respect to the assembly of licenses and affiliations required to form a major broadcast network. Indeed, the legislative history of Section 310(b) and Commission decisions regarding foreign ownership reflect a particular concern regarding foreign influence over broadcast licensees due to the “heightened concern for foreign influence over or control of broadcast licensees which exercise editorial discretion over the content of their transmissions.”¹⁷ Broadcast licenses are the nation’s crown jewels of national security. If the Chinese influence over TikTok or garage door

Announces Additions to the List of Equipment and Services Covered by Section 2 of the Secure Networks Act, WC Docket No. 18-89, Public Notice (Sept. 20, 2022).

¹² Press Release, Skydance Media, Skydance Media Announces Strategic Investment by Tencent Holdings Limited (Jan. 25, 2018) (emphasis added).

¹³ Press Release, Skydance Media, Skydance Media Completes \$400 Million Funding Round Led by New Investor KKR, Values Company at Over \$4 Billion (Oct. 13, 2022).

¹⁴ Testimony of Brendan Carr before the House Subcommittee on National Security Carr at 1 (July 13, 2022).

¹⁵ *Id.* (quoting FBI Director Christopher Wray).

¹⁶ *See generally* Promoting the Integrity and Security of Telecommunications Certification Bodies, Measurement Facilities, and the Equipment Authorization Program, ET Docket No. 24-136, *Notice of Proposed Rulemaking*, FCC 24-58 (May 24, 2024).

¹⁷ Market Entry and Regulation of Foreign-Affiliated Entities, *Notice of Proposed Rulemaking*, 10 FCC Rcd. 4844, 4884 ¶ 99; *see also* Fox Television Stations, Inc., *Memorandum Opinion and Order*, 10 FCC Rcd. 8452, 8472 ¶ 44 (1995); Primemedia Broadcasting, Inc., *Memorandum Opinion and Order*, 3 FCC Rcd. 4293, 4294 ¶ 8 (1988); Commission Policies and Procedures Under Section 310(b)(4) of the Communications Act, Foreign Investment in Broadcast Licensees, *Declaratory Ruling*, 28 FCC Rcd. 16244, 16244-45 ¶ 3 & n.3 (2013).

openers is of concern to policymakers, then the influence over one of the four broadcast networks and broadcast stations in some of the nation's largest media markets should be even more concerning. It is therefore no surprise that, between 1934 and last year, the Commission had waived the foreign ownership restrictions for broadcast licenses only once, emphasizing that the waiver does not create a precedent and was due solely to the "unique facts of this case."¹⁸ While the Commission has recently adopted rules allowing broadcast licensees to exceed the statutory twenty-five percent limit on foreign ownership, those rules require a specific review process, and a detailed demonstration of how the proposed foreign ownership will serve the public interest. Even where the Commission has approved foreign ownership in excess of the statutory limits, it would be hard pressed to do so today for a Chinese prospective partner anywhere in the U.S. communications ecosystem, much less here. While the proposed aggregate foreign ownership in Paramount does not appear to rise to the twenty-five percent ownership level that triggers the specific statutory restrictions, the Commission generally regards investors with ten and even five percent stakes as having the potential to influence a company it regulates.¹⁹ Indeed, under the foreign ownership rules, once the 25% aggregate limit is reached, any foreign investor holding a five percent or greater interest must receive the Commission's specific approval.²⁰ Similarly, investors with 5 percent or greater stakes must be disclosed on relevant Commission application forms, and that the attributable interest threshold for a number of Commission rules such as the media ownership restrictions and specific approval requirements is five percent, whether voting or not. Even interests below five percent will be evaluated if they provide the holder with ability to control the day-to-day activities of a Licensee or play "an integral role in management decisions."²¹ Finally, *de facto* control over a license by any foreign government, let alone the People's Republic of China, is flatly prohibited, no waivers or exceptions allowed.²²

¹⁸ Application of Fox Television Stations, *Second Memorandum Opinion and Order*, 11 FCC Rcd. 5714, 5715 (1995). In 2024, the Commission also waived certain requirements of the foreign ownership rules to allow radio broadcaster Audacy to emerge from bankruptcy using special warrants to insulate foreign ownership interests that would otherwise have exceeded the 25% benchmark. Audacy License, LLC, *Memorandum Opinion and Order*, FCC 24-94 (rel. Sept. 30, 2024). While the Media Bureau has, on delegated authority, approved foreign ownership of broadcast licensees, those decisions were not made at the Commission level, and in many cases did not involve waiver of any rules. *See Id.* Dissenting Statement of Commissioner Brendan Carr at 2-3 ("Carr Audacy Dissent").

¹⁹ *See* 47 C.F.R. § 73.3555, Note 1 (holding that 5% interests in a broadcast licensee are generally attributable).

²⁰ 47 C.F.R. § 1.5001(i)(1). Certain institutional investors and those with limited voting and consent rights may be subject to a higher 10% threshold for specific approval. 47 C.F.R. § 1.5001(i)(3).

²¹ *See* Standard questions for a Section 310(b) Petition for Declaratory Ruling Involving a Broadcast Licensee at p.4 (definition of an "Ownership Interest").

²² 47 U.S.C. § 310 (a).

Tencent's involvement is particularly problematic given that the Department of Defense has designated Tencent as a Chinese military company operating directly or indirectly in the United States.²³ It also appears that Tencent is partly owned and significantly influenced by the Chinese government and the Chinese Communist Party.²⁴

U.S. Representative John Moolenaar, Chairman of the House China Select Committee, raised an important related consideration for the Commission to consider: "We've heard from multiple Hollywood executives about rampant self-censorship designed to curry favor with the Chinese Communist Party."²⁵ Senator Mark Warner, the Vice Chairman of the Senate's Select Committee on Intelligence, echoed this concern: "The potential for a PRC national champion like Tencent to hold a significant financial stake in a major US content conglomerate raises serious concerns and should absolutely prompt CFIUS scrutiny."²⁶

In a concerning lack of candor, the Tencent investment was not disclosed by the applicants in the initial and amended application. When the Tencent investment was raised for the first time in a petition by the Center for American Rights,²⁷ the applicants dismissed it as purportedly unimportant because Tencent's interest is supposedly a "passive, non-attributable, minority interest[]" that would "generally ... not [be] contrary to the public interest."²⁸ But notably, the applicants have not disclosed the nature of the interest, the amount of the interest, or why it might qualify as passive. Any interests (or potential interests) held by the Chinese government and the Chinese Communist Party in a U.S. media conglomerate warrant full and complete disclosure and thorough investigation.

In evaluating the application, the Commission should probe how Tencent is operating directly or indirectly in the United States as a Chinese military company. It is quite possible that Tencent's direct or indirect operation in the United States is through its investment in Skydance. Before any decision is made on this transaction, this question should be carefully reviewed by the Commission. This review should include extensive consultation with the Department of Defense, the Committee on Foreign Investment in the United States, and the Committee for the Assessment of Foreign Participation in the U.S. Telecommunications Sector. At the very least,

²³ List of Chinese Military Companies (Jan. 7, 2025).

²⁴ See Center for American Rights Reply, MB Docket 24-275, at 1.

²⁵ Kelcee Grffis, *Tencent Stake in Skydance-Paramount Draws Lawmaker Scrutiny*, Bloomberg (Jan. 15, 2025), <https://www.bloomberg.com/news/articles/2025-01-15/tencent-stake-in-skydance-paramount-deal-draws-lawmaker-scrutiny>.

²⁶ *Id.*

²⁷ Center for American Rights Petition, MB Docket No. 24-275, at 1-4; see also Center for American Rights Reply, MB Docket No. 24-275, at 1-3.

²⁸ National Amusements Inc., Skydance Media, LLC and Paramount Global, Consolidated Opposition to Petitions and Response to Comments, MB Docket No. 24-275, at 13-14 (Jan. 2, 2025).

the Applicants should be required to address the potential influence of Tencent as part of their duty to “demonstrate that the public interest would be served by granting the requested license transfer.”²⁹

The Transaction Risks Increasing Retransmission Consent Prices

With inflation and rising household costs still dominating the economy, the Commission should closely scrutinize any plan to effect further non-market-driven increases to retransmission consent prices, increases that are then passed along to consumers. This transaction comes with no assurances against further hyper-inflated prices.

Chairman Carr recently stated that “the Commission has long been concerned about the balance of power” inherent in retransmission consent negotiations.”³⁰ Indeed, “the increasing ability of certain national programming networks with direct-to-consumer subscription streaming services to impose onerous and restrictive conditions on local broadcast TV stations” suggests that the current retransmission consent regime is out of balance.³¹

The Commission has also recognized that the rates charged by broadcasters for retransmission of free over-the-air television broadcasting have gotten out of control.³² MVPDs and other competitive providers have been forced to cope with astronomical growth in programming prices from broadcast stations over the last 15 years: the annual growth rate for the fees charged for local network station retransmission spiked from 9.8% in 2009 to 61% today.³³ These rate increases, and the resulting price hikes consumers have faced, have been forced on competitive providers and their customers by the demands of broadcasters. And these high prices consumers are forced to pay for entertainment are a noted “detriment [to the] public interest.”³⁴ The Commission has also found that “a public interest harm would be more likely if a rise in [retransmission] rates was not the result of a functioning retransmission consent marketplace or was the product of market power”³⁵ —which would be the case with Skydance taking over CBS.

²⁹ Carr Audacy Dissent at 4, citing 47 U.S.C. §§ 310(d), 309.

³⁰ Letter from Commissioner Brendan Carr, FCC, to Robert A. Iger, The Walt Disney Company, at 3 (Dec. 21, 2024).

³¹ *See id.*

³² *See* Consent to Transfer Control of Certain Subsidiaries of TEGNA Inc. to SGCI Holdings III LLC, *Hearing Designation Order*, 38 FCC Rcd. 1282 (2023) (“*Tegna HDO*”).

³³ Data from SNL Kagan data as compiled by S&P Capital IQ. Figures are for Big 4 network affiliated states, aggregated across all stations and DMAs.

³⁴ *Tegna HDO*, 38 FCC Rcd. at 1290 ¶ 21.

³⁵ *Id.* at 1291 ¶ 23 (citing Applications of Tribune Media Company (Transferor) and Nexstar Media Group, Inc. (Transferee), *Memorandum Opinion and Order*, 34 FCC Rcd. 8436, 8451-52 ¶ 29 (2019)).

This transaction will do nothing to alleviate or even slow the hyperinflation associated with retransmission consent. The applicants have given no assurances that they will refrain from further non-market-based increases. The transaction, in fact, will only incentivize Skydance to further raise rates in excess of those expected in a “functioning” marketplace. A formidable Skydance will not only maintain its grip on both CBS News (including its vial local affiliates) and CBS Sports (and its stable of marquee sports content), but expand its programming reach and distribution with the combined content libraries of the two entities, including Skydance’s blockbuster properties like the Reacher, Jack Ryan, and Top Gun: Maverick. This increasing accumulation of must-have programming will give Skydance powerful leverage during retransmission consent negotiations to extract higher fees and to withhold programming when exorbitant price demands are not met. Similarly, Skydance will likely have increased leverage over the local affiliates of the CBS Network and will likely be empowered to demand higher compensation from those affiliates, which those affiliates will in turn attempt to pass along to MVPDs in their own retransmission consent negotiations. All of these supra-competitive retransmission costs are, of course, passed along to consumers.

Skydance’s Use of Artificial Intelligence in News Reporting Risks Job Losses, Inaccurate News Reporting, and National Security Vulnerabilities

Skydance announced plans to integrate artificial intelligence (“AI”) into its news operations. The use of AI for news reporting will likely lead to job losses in local news, inaccurate and biased reporting, and national security risks. AI does not belong in local news, which is a vital responsibility of stations with over-the-air broadcast rights, except as an enrichment of the human factor rather than its displacement.

Skydance claims that AI will “turbocharge content creation capabilities that improve overall productivity and lower cost” through its Oracle-powered “Studio-in-the-Cloud.”³⁶ Historically, the integration of AI into traditionally people-powered functions has led to significant workforce reductions. With the introduction and general accessibility of generative AI tools like ChatGPT, the labor market saw “nearly immediate decreases” in job postings, with writing jobs most affected (a 30.37% decrease).³⁷ In the entertainment and news industries, automation and AI have already begun disrupting the labor market. Writers, editors, and production staff are currently facing early applications of AI in script development, editing, and even visual effects. In the news industry, a 2024 report from the Columbia Journalism School indicated that “AI is sufficiently mature to enable the replacement” of jobs in journalism.³⁸ The

³⁶ Skydance Media and Paramount Global Transaction Conference Call, Slide 21 (July 8, 2024), <https://ir.paramount.com/static-files/f06c4f08-0198-4c25-ad50-15f4071b6ef8>.

³⁷ Ozge Demirci, Jonas Hannane and Xinrong Zhu, *Research: How Gen AI Is Already Impacting the Labor Market*, Harvard Business Review (Nov. 11, 2024), <https://hbr.org/2024/11/research-how-gen-ai-is-already-impacting-the-labor-market>.

³⁸ Tow Report: “Artificial Intelligence in the News” and How AI Reshapes Journalism and the Public Arena, Columbia Journalism School (Mar. 6, 2024),

planned AI integration by Skydance will exacerbate job displacement in already vulnerable industries.

A related concern is the significant detriment to local news from AI usage, which is prone to unknown biases, factual inaccuracies, bias reinforcement, a lack of contextual understanding, and reliability issues. The use of AI tools to ask questions about the news and current events resulted in factual errors or misrepresentation more than half of the time.³⁹ In light of the serious concerns about “fake news” in the current polarized climate, Skydance’s AI plans are dangerous. If Skydance embeds AI in its local newsrooms, which serve the public trust, the public risks being inundated with unreliable, low-quality content masquerading as legitimate news reporting. Rather than improving efficiency, an AI-driven news operation would erode trust in local journalism, which is an already-existing global concern.⁴⁰

Moreover, the proposed use of AI highlights another problem related to Skydance’s partnership with Tencent. It risks giving China an edge in AI development, the opportunity to embed bias in AI, and the opportunity to shift perceptions of the U.S. public. As Chairman Carr has stated:

The CCP has set itself a goal of becoming the global leader in artificial intelligence (AI) by 2030. Beijing is bent on using this technology to exert authoritarian control domestically and export its authoritarian governance model overseas. U.S. businesses are aiding Beijing in this effort— often unwittingly—by feeding, training, and improving the AI datasets of companies that are beholden to the CCP.⁴¹

The transaction risks giving Tencent, the Chinese government, and the Chinese Communist Party access to AI tools that shape U.S. news reporting.

Gun-Jumping Concerns

Under the Communications Act, an acquirer must refrain from any involvement in the decision-making of a licensee until Commission approval has been obtained. In that respect, there are disturbing signals that Skydance has already become actively involved in Paramount’s management. According to one media report, the Skydance executive who would become

<https://journalism.columbia.edu/news/tow-report-artificial-intelligence-news-and-how-ai-reshapes-journalism-and-public-arena>.

³⁹ BBC, *Groundbreaking BBC research shows issues with over half the answers from Artificial Intelligence (AI) assistants* (Feb. 11, 2025), <https://www.bbc.com/mediacentre/2025/bbc-research-shows-issues-with-answers-from-artificial-intelligence-assistants>.

⁴⁰ See Sheila Dang, *Global audiences suspicious of AI-powered newsrooms, report finds*, Reuters (June 17, 2024), <https://www.reuters.com/technology/artificial-intelligence/global-audiences-suspicious-ai-powered-newsrooms-report-finds-2024-06-16/>.

⁴¹ Project 2025, *Mandate for Leadership – The Conservative Promise* at 852.

President of Paramount Global appears to have inserted himself into the newsroom’s decision-making at CBS and appears to have exerted “escalating pressure” to settle a complaint filed against CBS.⁴² Project Rise has not evaluated the merits of litigation pending against CBS and cannot comment on the appropriateness of a settlement. But the point is that this decision must be made by CBS and Paramount’s current management, and may not be made by the proposed acquirer. In addition, Oracle, a company affiliated with Skydance, reportedly has established a partnership with Paramount that includes database services, digital assistants, and machine learning.⁴³ Oracle also appears to offer services to help Paramount secure and monitor its cloud environment.⁴⁴ Project Rise does not know when these or any other relationships were established. But it is incumbent on the applicants to explain when any such relationships were entered into and, if recently, based upon what process.

Questions that Must Be Answered by the Applicants

The substantial and material questions of fact raised by this application require that the applicants provide additional information and respond to detailed questions related to the application. For the convenience of the Commission, we have included a list of information and documents that we recommend be produced, pursuant to an appropriate protective order if necessary. We request that the Commission require a new, more detailed, filing from the Applicants, setting forth specific information that might substantiate their claims that the transaction is in the public interest.

- Produce all documents, including presentations to any financial lending or investment institutions, addressing each company’s evaluation of this transaction (as well as alternative transactions considered among the companies), the motivating reasons for each company joining in the transaction, the reasons why the transaction would be advantageous to each company, and, specifically, any documents discussing the prospect that the transaction could affect the going-forward rate of fees charged to MVPDs or OVDs and availability of streaming video services and any documents discussing the cutting of staff, the diminution or displacement of local content, and the expansion of national content.
- Produce all documents, including without limitation offering memoranda or prospectuses, used to market the proposed transactions to prospective investors or to secure funding.

⁴² Oliver Darcy. *Shell-Shocked at CBS*, Status (Mar. 3, 2025), <https://www.status.news/p/paramount-cbs-60-minutes-lawsuit-settlement-talks> (CBS officials were “disturbed that Shell was inserting himself into the newsroom’s decision-making, given that Paramount’s merger with Skydance has yet to close and that corporate interference in journalistic matters is traditionally anathema.”). This issue has not been raised before in this proceeding because it was not reported on until this week.

⁴³ Oracle University, <https://education.oracle.com/paramount>.

⁴⁴ *Id.*

- Produce all analyses and documents relating to historic and projected future capital expenditures, personnel headcounts, and programming plans for each of the broadcast stations included in the applications.
- Produce all documents related to: tying or bundling of networks in carriage agreements; retransmission consent price increase demands; job layoffs; the acquirer's plans regarding tying, retransmission consent price increases, job losses; and any influence, control, or decision-making authority exerted now by acquirer in connection with Paramount's operations.
- Please describe in detail any current involvement of Skydance, its affiliates, or any of their officers or employees in Paramount activities.
- Please produce any information relating to the exercise or attempted exercise of influence by Skydance, its affiliates, or any of their officers or employees over Paramount's management, activities and decisions, including the decision whether to settle or prosecute pending litigation.
- Produce all information, documents, communications, and agreements concerning any existing relationship between Skydance or its affiliates and Paramount.
- Does the acquirer plan to stop or curb Paramount's tying practices? State whether, and explain how.
- Does the acquirer plan to increase further retransmission consent prices for CBS owned-and-operated stations? Explain.
- Does the acquirer plan to eliminate jobs by use of AI or other means? Explain.
- Has the acquirer considered Chinese influence and its implications in connection with the investment from Tencent? Explain.
- What guardrails, if any, has the acquirer put in place to prevent Tencent from directly or indirectly influencing company policy, and does the acquirer identify any weaknesses in such measures?
- Provide details on how acquirer calculated its proposed post-closing foreign ownership levels.
- What measures has acquirer put in place to ensure that post-closing foreign ownership remains below a level that would allow Tencent, or any other foreign owner, to exert undue influence on Paramount.
- Is the Tencent interest completely insulated from involvement in the management or operation of the Licensees, and how? Explain.
- Will the acquirer commit to offering their programming channels on a la carte basis?
- How will the transaction improve local news?
- What are the acquirer's plans in connection with BET and minority programming? Explain.
- Have any of Skydance's owners or officers exerted or attempted to exert any control over the operations of Paramount?

Conclusion

The proposed transaction poses risks of public interest harms to national security in an increasingly insecure world, to new and independent voices in a world where they are

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increasingly crowded out, and threatens higher prices in an inflationary environment when tackling inflation is one of this Administration's foremost priorities. The Commission should carefully scrutinize it.

Respectfully submitted,

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