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AGs' Paramount Settlement Reflects States' Growing Influence

By **Robin Adelstein, Abraham Chang and Alex Cummings** (October 20, 2026, 5:34 PM EDT)


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On Sept. 30, a California federal court approved a settlement between a group of states and Paramount Skydance to end the states' challenge of Paramount's $110 billion acquisition of Warner Bros. Discovery. The merger between Paramount and Warner Bros. closed on Oct. 6.

The coalition of 12 states filed The State of California v. Paramount Skydance Corp. on July 13 in the U.S. District Court for the Northern District of California seeking to permanently block the acquisition on the grounds that it would violate Section 7 of the Clayton Act.

The states' challenge closely followed the U.S. Department of Justice Antitrust Division's June 12 announcement that it had closed its investigation into the proposed acquisition and determined that the acquisition "is not likely to result in harm to competition or American consumers."[1]

The lawsuit marked the latest in a growing trend of states breaking from federal counterparts and taking the lead in antitrust enforcement.

The settlement secured by the state attorneys general on behalf of the states includes a range of commitments and concessions from Paramount, including, among other things, assurances regarding the editorial independence of CNN and CBS.[2]

Although the settlement has drawn criticism from some commentators who believe it does not go far enough to address concerns regarding competition — for example, by requiring divestiture — the states' lawsuit and ultimate resolution underscore the growing significance of state antitrust enforcement.[3]

As evidenced by recent merger and conduct challenges, the states will move to protect their interests in the absence of their federal counterparts.

State Attorneys General Assume Greater Role as Antitrust Enforcers

As law enforcement officials tasked with wide-ranging responsibilities in protecting their constituents, state attorneys general have traditionally occupied a more limited role in antitrust enforcement than

federal enforcers and private plaintiffs. This was driven in part by a lack of dedicated antitrust personnel and other limited resources — as of 2020, many state attorneys general offices lacked dedicated antitrust attorneys.[4]

Recently, states have departed from this trend, with attorneys general in both Democrat- and Republican-run states taking deliberate steps to:

- Cast a wider antitrust enforcement net through, among other things, increasing merger review;
- Build out their antitrust divisions; and
- Coordinate among each other on antitrust enforcement to maximize their resources.

The most recent evidence of growing state-level antitrust enforcement came on April 15 when a coalition of 34 states secured a landmark monopolization verdict in U.S. v. Live Nation Entertainment Inc. in the U.S. District Court for the Southern District of New York. The Antitrust Division settled with Live Nation a week into trial, but the plaintiff states rejected the settlement and continued the trial.

Aside from pursuing conduct investigations and challenges, states have also become increasingly involved in merger review. For instance, in October 2025, three months after the Antitrust Division announced that it would drop its lawsuit to block Hewlett Packard Enterprise Co.'s purchase of Juniper Networks Inc., a coalition of 13 states moved to block the acquisition, over and against the DOJ's opposition to the states' intervention.

And in March of this year, a coalition of eight, now 13, states sued to block Nexstar Media Group Inc.'s acquisition of Tegna Inc., a rival television broadcast company. The states brought the challenge a day before the DOJ "early terminated" its investigation of the merger, a move toward permitting the parties to consummate the merger.[5]

The Proposed Acquisition

After Paramount prevailed in a bidding war, its deal to acquire Warner Bros. was announced on Feb. 27. The acquisition is considered one of the largest consolidations in the entertainment sector, combining two of Hollywood's five major studios and placing rival news providers (CBS and CNN), entertainment franchises (Star Trek and DC Comics) and streaming services (HBO Max, Paramount+ and Discovery+) under the same proverbial roof.

Antitrust Division's Decision to Close its Investigation

On June 12, the Antitrust Division announced that, following a "rigorous eight-month investigation led by the Division's career staff," it would be closing its investigation and allowing the deal to proceed. The Antitrust Division concluded that "the impact of the transaction will be to increase competition across the media and entertainment ecosystem, with benefits for American consumers and workers."[6]

Among other things, the Antitrust Division found that moving the multiple streaming platforms into one combined firm "is likely to increase competition by offering consumers a more robust competitive alternative to the larger" streamers. And the Antitrust Division found that the acquisition would not "harm competition for linear television given the robust competitive landscape for live programming."

The States' Lawsuit

On July 13 in the Northern District of California, a coalition of 12 states spearheaded by California sought to permanently enjoin the acquisition under Section 7 of the Clayton Act.[7] The complaint focused on the acquisition's possible impact on movie theaters, basic cable distributors and consumers.

Movie theaters, the states alleged, "will likely be forced to pay ... distributors a greater split of their revenues." Theatergoers, they alleged, will pay higher ticket prices.

And, according to the complaint, "few [basic cable] distributors could withstand the threat of a blackout of the defendants' more than 50 basic cable channels, leaving them little choice but to accept onerous terms." Among other things, the complaint alleged that, if the acquisition is consummated, "[f]our distributors ... would control approximately 86 percent of wide-released theatrical films by box office revenue." And the complaint predicted major job losses in the entertainment industry.

The states' lawsuit received support from several Hollywood industry organizations, including SAG-AFTRA,[8] Cinema United, the Producers Guild of America, and the Writers Guild of America,[9] which filed its own lawsuit to block the acquisition shortly after the states.[10]

On July 20, the Northern District of California granted the states' motion for a temporary restraining order barring Paramount and Warner Bros. from completing the acquisition.[11] Paramount later stipulated to a no-close order.[12]

The states' case was set for trial on March 2, 2027, to March 19, 2027.[13] Critically, the trial date meant that Paramount would have to pay Warner Bros.'s stockholders roughly $1.3 billion in "ticking fees" under the merger agreement to litigate the acquisition.[14]

The Settlement

The states and Paramount announced their settlement on Sept. 21. The consent decree provides that Paramount will: create a board to ensure that CNN and CBS News maintain editorial independence; commit to release 30 films in the first two years after the merger and 32 films in years three, four and five; spend at least $1.5 billion over five years on domestic film production; and "conduct negotiations for Paramount basic cable channels independently from negotiations for Warner Bros. basic cable channels, preserving the existing competitive dynamic between the companies."[15]

Notably, the settlement does not impose any structural remedies despite critics of the acquisition, including members of the state coalition advocating for divestiture. Connecticut Attorney General William Tong said of the settlement: "Connecticut wanted and demanded full divestiture of CNN and CBS News. … I am deeply disappointed that we could not do more."[16]

Reactions to the settlement announcement were mixed. In a Sept. 21 statement from California Attorney General Rob Bonta, Russell Hollander, national executive director of the Directors Guild of America, was quoted as saying the Paramount-Warner Bros. Discovery settlement "addresses a number of critical concerns related to the merger" and "contains important binding and enforceable commitments."[17]

Meanwhile, according to the Block the Merger Coalition, the settlement's behavioral remedies do not go far enough to guarantee competition and protect workers.[18]

U.S. Sen. Cory Booker, D-N.J., requested that the court not give deference to the parties' agreement but instead evaluate the settlement using the factors set out by the Tunney Act, or Title 15 of the U.S. Code, Sections 16(b)-(h), for evaluating antitrust consent decrees proposed by the federal government.

Booker submitted a letter to the court asserting that the settlement "does not address the core of the [states'] case" and urged the court "to subject the proposed consent decree to an independent public-interest review before entering it."[19]

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U.S. District Judge Araceli Martínez-Olguín of the Northern District of California told the parties she would not "rubber stamp" the settlement and instructed them to respond to Booker's letter.[20] On Sept. 30, Judge Martínez-Olguín approved the consent decree, finding that the settlement "is a fair, reasonable, and good faith approach to address the competitive harms alleged in the Complaint."[21]

Addressing the settlement's critics, Judge Martínez-Olguín explained that "hopes and desires for the proposed consent decree to reach farther — to achieve more — do not rise to the level of legal violations upon which the Court can reject the parties' negotiated resolution."

Key Takeaways

This challenge serves as yet another key data point in the broader arc of growing antitrust enforcement by the states.

Growing Willingness to Stand Apart From Federal Enforcers

Given their limited resources, states historically have followed federal enforcers' lead when pursuing antitrust challenges. Recent trends, though, reflect not just a growing ability but also willingness by states to stand apart from federal enforcers and to pursue antitrust action to protect their independent interests.

As with the litigation to block HPE's acquisition of Juniper and Nexstar's acquisition of Tegna Inc., the states' Paramount-Warner Bros. challenge serves as yet another example of a growing trend driven by a number of factors,.

Those factors include a perceived lack of federal enforcement on issues of importance to the states, rising prices as a kitchen-table issue for state constituents, and the growing role of antitrust as a political tool. In pursuing these cases, states continue to successfully form multi-state coalitions — sometimes along partisan lines, but often not — to pursue antitrust lawsuits where federal enforcement stops.

Interest and Importance in Merger Review

The states' Paramount-Warner Bros. case shows that states can, on their own, create substantial closing risk for merging parties. Historically, states have weighed in on mergers they viewed as high-priority for their constituents or with a local or regional focus — for example, mergers between health systems. Now, states appear to be poised to do even more.

Paramount and Warner Bros. received the green light to proceed with closing the acquisition by the Antitrust Division and foreign antitrust enforcers, like the European Commission.[22] And a parallel private lawsuit by a group of Paramount+ consumers challenging the acquisition failed to secure a preliminary injunction to block the deal from closing.[23]

By contrast, the states secured a temporary restraining order, materially delaying the closing to the point that Paramount nearly incurred substantial "ticking fees," and ultimately were able to extract a range of concessions from Paramount.

The states' Paramount-Warner Bros. challenge underscores that merging companies evaluating antitrust risk cannot focus solely on federal review and private litigation risk; state enforcers may independently create substantial obstacles to closing.

There is reason to expect continued involvement by state attorneys general in merger review. In addition to the states' recent suits to enjoin mergers, three states have now enacted their own premerger notification programs that mimic the national notification regime under the Hart-Scott-Rodino Act. "Mini-HSRs" have been enacted in California, Colorado and Washington state, and legislation is pending in several other states.[24]

Growing State-Level Antitrust Enforcement Capabilities

State attorneys general have long had the authority to investigate antitrust violations within their states and to enforce their respective state and federal antitrust laws. But the Paramount-Warner Bros. challenge reflects a growing trend of states investing in their antitrust enforcement capabilities.

As of May 2024, the attorney general's office in Tennessee had "quadrupled its antitrust attorneys from one to four."[25] In June 2024, California added eight attorneys to its antitrust team.

Similar trends have been observed in Florida. Also in May 2024, New Jersey Attorney General Matthew Platkin announced the creation of a stand-alone Antitrust Litigation and Competition Enforcement Section.[26] As Gwendolyn J. Lindsay Cooley, who was Wisconsin assistant attorney general from 2005 to 2024 and chair of the National Association of Attorney Generals Multistate Antitrust Task Force from 2021 to 2024, commented: "There is a zeitgeist ... that there's been failures in antitrust enforcement over the years... . How to solve that is by hiring more bodies."[27]

There is also a growing trend for State attorneys general to engage outside expertise, including outside counsel, to support or pursue enforcement efforts. And the state attorneys general work together, typically bringing antitrust suits with multiple — sometimes nearly all — states joining as plaintiffs.

Broader Enforcement Powers Generally

Several states are considering or have recently enacted laws broadening their antitrust enforcement authority. On Sept. 30, California Gov. Gavin Newsom signed into law the Competition and Opportunity in Markets for a Prosperous, Equitable and Transparent Economy Act, which amends and expands the state's antitrust law, the Cartwright Act.

Significantly, the act provides that the California attorney general can address single-firm conduct that extends beyond the kind of conduct that U.S. courts deem unlawful under Section 2 of the Sherman

Act.[28] Bonta has said that the act provides "a new, important tool to go after anticompetitive conduct by a single firm and protect workers, consumers, and small businesses."

Similar legislation is pending in New York.[29] And there is currently litigation pending in Pennsylvania that gives the state attorney general new authority to regulate mergers and acquisitions among healthcare facilities, including through acquisition by private equity funds.[30]

These and other efforts by the states to expand their antitrust enforcement authority and capabilities will likely endure as the states' interest in antitrust enforcement grows and the state attorneys general multistate coalitions continue to achieve meaningful enforcement outcomes.

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[1] Statement of the Department of Justice Antitrust Division on the Closing of Its Investigation of the Merger of Paramount Skydance and Warner Bros. DOJ (June 12, 2026), https://www.justice.gov/opa/pr/statement-department-justice-antitrust-division-closing-its-investigation-merger-paramount.

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[3] See, e.g., California v. Paramount, No. 4-26-cv-7116 (N.D. Cal. Sept. 21, 2026), ECF 260 (Brief of Block the Merger Coalition Members as Amici Curiae Opposing Proposed Consent Decree); Press Release, U.S. Senator Cory Booker, Booker Statement on Court-Approval of Paramount-Warner Bros. Discovery Merger Settlement, (Sept. 30, 2026), https://www.booker.senate.gov/news/press/booker-statement-on-court-approval-of-paramount-warner-bros-discovery-merger-settlement.

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[10] WGA v. Paramount, No. 3:26-cv-07212 (N.D. Cal. July 14, 2026), ECF 1 (Complaint).

[11] California v. Paramount, No. 4-26-cv-7116 (N.D. Cal. July 20, 2026), ECF 141 (Order Granting Motion for TRO).

[12] California v. Paramount, No. 4-26-cv-7116 (N.D. Cal. July 24, 2026), ECF 169 (Stipulation and Proposed Order Not to Close).

[13] California v. Paramount, No. 4-26-cv-7116 (N.D. Cal. Aug. 4, 2026), ECF 197 at 2 (Preliminary Scheduling Order).

[14] California v. Paramount, No. 4-26-cv-7116 (N.D. Cal. Aug 17, 2026), ECF 204 at 2 (Paramount's Motion to Modify the Stipulation and Order not to Close to Require Bond); Bryan Koenig, Paramount Wants AGs, WGA To Pay $1.9B Merger Suit Bond, Law360 UK (Aug. 17, 2026), https://www.law360.co.uk/connecticut/articles/2514411/paramount-wants-ags-wga-to-pay-1-9b-merger-suit-bond.

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