

November 16, 2017

BY FAX: 202-514-3435

Honorable Michael E. Horowitz
Inspector General
Department of Justice
950 Pennsylvania Ave., NW
Suite 4706
Washington, DC 20530-0001

Re: Investigation of Improper Conduct in the AT&T/Time Warner Merger

Dear Inspector General Horowitz:

Campaign for Accountability respectfully requests that your office investigate whether Rupert Murdoch, in conjunction with White House officials, has been attempting to interfere with the Department of Justice's ("DOJ") review of the AT&T/Time Warner merger.

According to news reports, Rupert Murdoch, executive chairman of Twenty-First Century Fox, Inc. has telephoned AT&T Chief Executive Randall Stephenson twice in the last six months to talk about purchasing the cable network CNN.¹ As you likely know, DOJ has recommended that AT&T sell either its DirecTV unit or Time Warner's Turner Broadcasting unit, which includes CNN, to win antitrust approval of AT&T's \$85.4 billion deal to buy Time Warner.²

Mr. Stephenson has made clear that CNN is not for sale.³ Mr. Murdoch's eagerness to acquire the network is particularly controversial given President Donald Trump's frequently expressed affinity for Mr. Murdoch's Fox network, and his repeated attacks against CNN.

In July, a group of Democratic senators, including Sen. Amy Klobuchar, ranking member of the Senate Antitrust Subcommittee, sent a letter to Attorney General Jeff Sessions warning against political interference in evaluating the merger between AT&T and Time Warner, following a report in the *New York Times* that White House advisers had discussed using the

¹ Jessica Toonkel, Exclusive: Rupert Murdoch Twice Discussed CNN with AT&T CEO, *Reuters*, November 13, 2017, available at <http://www.reuters.com/article/us-cnn-murdoch-exclusive/exclusive-rupertmurdochtwicediscussed-cnn-with-att-ceo-sources-idUSKBN1DA2PY>.

² *Id.*

³ *Id.*

merger as leverage against CNN.⁴ The senators asked the Attorney General to clarify whether any such discussions had taken place and, if so, whether they complied with the law.⁵

Having received no response, but concerned by the reports that DOJ is demanding AT&T sell Turner Broadcasting to win approval, earlier this week the senators wrote to Makan Delrahim, the Assistant Attorney General for the Antitrust Division, reiterating those concerns and asking that he respond to the July letter.⁶

Significantly, last year, when Mr. Delrahim was a Pepperdine law professor, he predicted regulators would approve the merger, stating that he didn't "see this as a major antitrust problem."⁷ More recently, Mr. Delrahim argued against government regulation of big companies, even those with a monopoly.⁸ Nevertheless, having been confirmed by the Senate less than two months ago, Mr. Delrahim seems to have undergone a 180-degree about change.

It is common knowledge that President Trump and Mr. Murdoch speak regularly, perhaps as frequently as every day.⁹ In addition, President Trump's high regard for Fox is well established. He has told associates that his coverage on the network under Mr. Murdoch is better than it was under its former, now deceased chairman, Roger Ailes.¹⁰ Since taking office, the president has repeatedly praised the network for, among other things, its coverage of the investigation into his campaign's possible collusion with Russia,¹¹ for its reporting (falsely) that he was spied on,¹² and for treating him "fairly" overall.¹³

Further, Mr. Murdoch's outreach to Mr. Stephenson appears to follow closely on the heels of Mr. Murdoch's meetings with the president. Mr. Murdoch introduced President Trump at a dinner in New York on May 4, 2017, honoring American and Australian veterans of the

⁴ Press Release, Office of U.S. Sen. Amy Klobuchar, [Klobuchar, Senators Work to Prevent Undue White House Interference with Justice Department Antitrust Enforcement Decisions](https://www.klobuchar.senate.gov/public/index.cfm/2017/11/klobuchar-senators-work-to-prevent-undue-white-house-interference-with-justice-department-antitrust-enforcement-decisions), November 10, 2017, available at <https://www.klobuchar.senate.gov/public/index.cfm/2017/11/klobuchar-senators-work-to-prevent-undue-white-house-interference-with-justice-department-antitrust-enforcement-decisions>.

⁵ *Id.*

⁶ *Id.*

⁷ Cecilia Kang, [AT&T Deal Puts Trump's Antitrust Cop at Center of a Political Storm](https://www.nytimes.com/2017/11/09/technology/justice-department-antitrust.html?_r=0), *New York Times*, November 9, 2017, available at https://www.nytimes.com/2017/11/09/technology/justice-department-antitrust.html?_r=0.

⁸ *Id.*

⁹ Damien Cave, [Did Trump Snub Turnbull? Our White House Reporter Explains](https://www.nytimes.com/2017/05/04/world/australia/trump-turnbull-meeting.html), *New York Times*, May 4, 2017, available at <https://www.nytimes.com/2017/05/04/world/australia/trump-turnbull-meeting.html> ("The president speaks to Murdoch now almost every day. And Murdoch speaks with Jared Kushner as well.")

¹⁰ Brian Stelter, [Rupert Murdoch and President Trump Met After Scaramucci Exit](http://money.cnn.com/2017/08/13/media/rupert-murdoch-president-trump-dinner/index.html), *CNN*, August 13, 2017, available at <http://money.cnn.com/2017/08/13/media/rupert-murdoch-president-trump-dinner/index.html>.

¹¹ Nikita Vladimirov, [Trump Blasts CNN and NBC, Praises Fox News for Russia Coverage](http://thehill.com/blogs/blog-briefing-room/news/312278-trump-blasts-cnn-nbc-praises-fox-over-russia-coverage), *The Hill*, December 30, 2016, available at <http://thehill.com/blogs/blog-briefing-room/news/312278-trump-blasts-cnn-nbc-praises-fox-over-russia-coverage>.

¹² Danielle Silva, [Trump Praises 'Fox & Friends,' Renews Old Feuds in Early Morning Tweet Series](https://www.nbcnews.com/politics/donald-trump/trump-praises-fox-friends-renews-old-feuds-early-morning-tweet-n742001), *NBC*, April 3, 2017, available at <https://www.nbcnews.com/politics/donald-trump/trump-praises-fox-friends-renews-old-feuds-early-morning-tweet-n742001>.

¹³ Mike Opelka, [Trump Delivers Long Rant Against 'Very Dishonest' Media, Praises Fox News in Phoenix Speech](http://www.theblaze.com/podcasts/trump-declares-what-is-fake-news-versus-fox-news-in-phoenix-speech), *The Blaze*, August 23, 2017, available at <http://www.theblaze.com/podcasts/trump-declares-what-is-fake-news-versus-fox-news-in-phoenix-speech>.

Battle of the Coral Sea.¹⁴ Mr. Murdoch made his first call to Mr. Stephenson soon thereafter, on May 16.¹⁵ On August 1, the president and Mr. Murdoch had a private dinner at the White House.¹⁶ Mr. Murdoch's second call to Mr. Stephenson occurred on August 8.¹⁷

Executives at Time Warner reportedly believe Mr. Murdoch has encouraged the president to scuttle the deal as revenge for Time Warner rejecting Mr. Murdoch's \$80 billion takeover offer in 2014.¹⁸ As one Time Warner executive explained, "A direct competitor, who was spurned from buying us, perhaps is trying to influence the judicial process? That's corruption on top of corruption."¹⁹ Further, while Mr. Murdoch has criticized the deal publicly, he allegedly has called it a threat to his business in private and said he would work "behind the scenes to stop it."²⁰ Moreover, Mr. Murdoch has a history of using media properties to assist politicians to advance his business interests.²¹ And, it is noteworthy, that the first public revelation that DOJ has been "laying the groundwork for a potential lawsuit" to prevent the merger appeared in the Murdoch-owned *Wall Street Journal*.²²

As you know, the mission of the Office of the Inspector General is to "detect and deter waste, fraud, abuse and misconduct in DOJ programs and personnel."²³

Here, there are serious questions regarding the integrity of the decision-making process in regard to DOJ's position on AT&T's proposed purchase of Time Warner. It is deeply troubling that a merger that experts – including the now Assistant Attorney General – had expected to gain approval now appears to hinge, at least in part, on whether CNN, which the President of the United States has termed an "enemy of the American people,"²⁴ must be sold off. The required divestiture is all the more suspect given that the very person who appears most interested in acquiring CNN is Mr. Murdoch, the president's friend and political ally, who not coincidentally runs a news network that covers the Trump administration so obsequiously that it could be mistaken for a state-run outlet. The concerns are magnified by the fact that Mr. Murdoch expressed interest in buying CNN well before AT&T had any reason to believe DOJ approval of

¹⁴ Matthew Nussbaum, Trump Touts U.S.-Australia Alliance – and Rupert Murdoch, *Politico*, May 4, 2017, available at <https://www.politico.com/story/2017/05/04/trump-australia-malcolm-turnbull-rupert-murdoch-238014>.

¹⁵ Toonkel, *Reuters*, Nov. 13, 2017.

¹⁶ Stelter, *CNN*, Aug. 13, 2017.

¹⁷ Toonkel, *Reuters*, Nov. 13, 2017.

¹⁸ Gabriel Sherman, "He Said He'd Work Behind the Scenes to Stop It": Is Rupert Murdoch a Hidden Hand in the Merger Meltdown?, *Vanity Fair*, November 10, 2017, available at <https://www.vanityfair.com/news/2017/11/is-rupert-murdoch-a-hidden-hand-in-the-cnn-merger-meltdown>.

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² See Brent Kendall and Drew FitzGerald, U.S. Weighs Suit Against AT&T's Deal for Time Warner, *Wall Street Journal*, November 2, 2017, available at <https://www.wsj.com/articles/u-s-weighs-suit-against-at-ts-deal-for-time-warner-1509633797>.

²³ See <https://oig.justice.gov>.

²⁴ Michael Grynbaum, Trump Calls the News Media the 'Enemy of the American People', *New York Times*, February 17, 2017, available at <https://www.nytimes.com/2017/02/17/business/trump-calls-the-news-media-the-enemy-of-the-people.html>.

Honorable Michael E. Horowitz

November 16, 2017

Page 4

the merger might turn on such a sale and despite AT&T never having indicated it might seek to sell the network.

Moreover, Attorney General Sessions, known to be on thin ice with the president, and Mr. Delrahim, who could easily find himself in the president's cross hairs and without a position, have failed to respond to legitimate Senate inquiries regarding the situation and seem unlikely to risk the president's wrath by doing so. Therefore, Campaign for Accountability respectfully requests that your office immediately initiate an investigation to determine whether DOJ personnel, including Mr. Delrahim, have been improperly influenced by the White House and whether and to what extent Mr. Murdoch or his representatives have played a role in the decision to require AT&T to divest itself of either DirecTV or Turner Broadcasting to win DOJ approval.

Thank you for your prompt attention to this important matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dan E Stevens", with a long horizontal flourish extending to the right.

Daniel E. Stevens
Executive Director

cc: Senate Judiciary Committee