4

The Financialization of Hollywood

Larry the Liquidator, a financier played with devilish sincerity by Danny DeVito in Norman Jewison's *Other People's Money* (1991), wakes up in bed and turns to his "lover" Carmen. A jazzy song accompanies some soft grunts as the camera intimately follows Larry's hand as it offers a tender embrace . . . revealing that Carmen is his bedside computer that reports stock market opportunities. A close-up on his widening eyes: "Up two points," he gasps, referring to a stock price. This colorful characterization begins a strangely sexual film about a successful corporate raid, or hostile takeover, in which a firm or financier acquires control of a company through shareholder manipulation or a "leveraged buyout" (raising debt to finance the acquisition), often to individually sell off its assets for profit (known as "asset stripping"). Like other Hollywood corporate raiders, such as Gordon Gekko, played by Michael Douglas in *Wall Street* (Oliver Stone, 1987), and Edward Lewis, played by Richard Gere in *Pretty Woman* (Garry Marshall, 1990), Larry the Liquidator is more of a lovable antihero than a villain. This is an unexpected characterization, given that real-life corporate raiders were causing havoc in 1980s America, such as Carl Icahn, T. Boone Pickens, Kirk Kerkorian, and Michael Milken. The less glamorous, more destructive reality of this financial tactic is captured by economists Eileen Appelbaum and Rosemary Batt in their detailed look at this type of investment: taking "high risks using *other people's money*."[1] Fittingly, considering the U-shaped financial history previously discussed, the source of this phrase is likely Louis Brandeis's influential book from 1914, *Other People's Money and How the Bankers Use It*, a critical analysis of banking, monopoly, and the "financial oligarchy."

Nearly thirty years later, firmly entrenched in a new era of financial oligarchy and derivative media, Hollywood writers are far less likely to write a glowing portrayal of corporate raiders, as their guild is fighting raiders of their own. After a breakdown in negotiations with the Association of Talent Agencies on April 12,

FIGURE 4.1. A corporate raider's morning routine in *Other People's Money* (Norman Jewison, 1991).

2019, the Writers Guild of America (WGA) took the unprecedented step of instructing its members to fire their agents. More than seven thousand writers—92 percent of the guild—dutifully did so. At issue was the WGA's new code of conduct that prohibited agents from taking packaging fees (which the WGA claims is a breach of fiduciary duty, as it incentivizes agencies to negotiate a lower fee for talent) or engaging in production (which it claims is a conflict of interest, as the agencies are again incentivized to lower fees). Smaller agencies signed on to the code of conduct, but the big agencies—Creative Artists Agency (CAA), Endeavor (formerly William Morris Endeavor Entertainment), United Talent Agency (UTA), and International Creative Management (ICM)—filed lawsuits against the WGA, initiating a drawn-out, costly legal battle. Though the big agencies were backed by massive private equity firms like Texas Pacific Group (TPG) and Silver Lake Partners, this bold labor action by the WGA was ultimately successful, a rare victory for solidarity against financial capital. This capitulation was largely caused by the guild's solidarity, as well as the COVID pandemic lockdown's negative effect on the profitability of the agencies, but it is worth also recognizing the impact of the educational outreach that the WGA initiated. For instance, it circulated a scathing indictment of CAA and Endeavor in a report entitled "Agencies For Sale: Private Equity Investment and Soaring Agency Valuations," which demonstrated the stakes of what private equity represented, and why taking a stand was so important.

Three years later, in 2023, the WGA took an even bigger stand, enacting a full strike when negotiations with the studios over a new contract failed, and the actors' union, SAG-AFTRA, took a stand alongside them. A big sticking point in the negotiations, as with most labor actions, was the wage. Writers and actors, the unions argued, were not receiving their fair share of the profits they helped generate, a claim for which they provided compelling evidence. A WGA report notes that median weekly pay for writer-producers has declined by 23 percent from a decade ago, while the number of writers being paid the minimum rate was half of all TV writers, up from 33 percent during the same period.[2] Screenwriter pay also declined by 14 percent in the past five years. SAG-AFTRA, meanwhile, claimed that roughly 87 percent of its members earned less than $26,000 a year from acting, meaning they were ineligible for health coverage through the union.[3]

This suppression of labor was achieved through various means, such as smaller writing rooms, shorter contracts, and not renewing shows, even successful ones, because each new season comes with wage increases. Residuals from streaming were another point of contention, as the earlier model of film and television profit sharing, which involved multiple release windows (theater, pay-per-view, broadcast, cable, syndication, home video/DVD, etc.) and more transparent data, resulted in writers and actors earning long-term residual payments from successful content. With no streaming data available to gauge past success, talent has little leverage when negotiating new projects, resulting in minimal residuals offered, if any. In addition to this suppression of unionized labor, the studios are increasing nonunionized productions, such as reality and unscripted shows, animation, and film and television that is heavily reliant on visual effects and computer-generated imagery, much of which is typically nonunionized labor. Meanwhile, the depths of the class war between boss and worker were rendered bare: the goal is to "break the WGA," one studio executive remarked. "The endgame is to allow things to drag on until union members start losing their apartments and losing their houses . . . a cruel but necessary evil."[4] The existential threat of generative AI hung over the picket line like a dark cloud, threatening to replace workers and produce endlessly derivative content. Because of their resolute solidarity, these two labor actions in 2019 and 2023 were largely successful for the workers; however, they were merely two battles in a larger, longer war that pits commerce versus culture in Hollywood, a multidimensional struggle that is causing collateral damage throughout the film and television industries.[5]

Labor strife has always been a feature of Hollywood, but the current friction requires us to consider the resurgent role of finance. Film and television historians have documented the effect that Wall Street had on earlier incarnations of Hollywood,[6] but its effect on contemporary Hollywood has largely been ignored, despite the need, as Micky Lee articulates, for the study of "financial institutions' direct intervention in media companies' management and restructuring."[7] For film historian Thomas Schatz, the rulers of "Conglomerate Hollywood" (roughly 1985–2005) were "not the studios but their parent companies, the media giants like Viacom (owner of Paramount Pictures), Sony (Columbia), Time Warner (Warner Bros.), and News Corp. (20th Century Fox)."[8] Jennifer Holt's *Empires of Entertainment* complements this historical narrative with the legal, regulatory, and political dimensions of how film and then broadcast and cable television became integrated in the 1980s and 1990s, in large part due to Reagan and Clinton-era deregulation.[9] This chapter will pick up where these histories end and propose that in "Financialized Hollywood," the media giants themselves have become beholden to the larger process of financialization.[10] The big conglomerates still dominate film and television production and distribution: Disney, Warner, NBCUniversal/Comcast, Paramount, and Sony have been joined by Netflix, while MGM and Fox have each been acquired (by Amazon and Disney, respectively).[11] However, the big media companies are mere investment and profit-extraction opportunities for truly powerful finance firms such as BlackRock, Vanguard, Bain Capital, TPG, and Silver Lake, as well as for two trillion-dollar tech companies, Amazon and Apple.

In chapters 1–3, we looked at the history of finance, the broad effect of financialization on the media system, the rise of derivative media, and how financial extraction has transformed the music industries. While there are many structural processes that affect Hollywood—including digitalization, globalization, promotionalism, platformization, neoliberalism, vertical and horizontal integration, the concentration of ownership, and deregulation[12]—this chapter aims to demonstrate the impact that financialization has had on the American film and television industries in the past twenty years, with a focus on wealth inequality and labor suppression.[13] First, it examines the destructive effect of private equity, which has enacted leveraged buyouts of companies in all sectors of Hollywood, including production, distribution, exhibition, audience measurement, and trade press. Second, it looks at the two big talent agencies as a particularly insidious case of private equity power and extraction, what I call "private equity shadow studios." Third, it explores the intersection of independent film and wealth inequality, as many of the independent film and television production companies are run by heirs to vast fortunes, which I call "billionaire boutiques." It's not just the big studios and IP-based blockbusters that are being transformed in Financialized Hollywood, but small-scale film and television on the margins as well. A series of case studies are provided, including their connection to Amazon and Apple, Big Tech's main intruders in Hollywood. Fourth, the value of film and television catalogs has increased in the streaming age, just as it has for music; boutique investment firms are targeting them in Hollywood as well. Finally, the role that financial engineering is having in the further consolidation of Hollywood is explored. Ultimately, this chapter argues that the financialization of the film and television industries is a dangerous development. Financial engineering strategies are extracting capital, harming workers, and propagating derivative media, further depriving Hollywood of the diversity and heterogeneity it might otherwise provide the public sphere.

RAIDER NATION: PRIVATE EQUITY IN HOLLYWOOD

Hollywood has faced instances of extractive financial engineering in the past, such as Kirk Kerkorian's pillaging of MGM in the 1970s and the corporate raiders who reconfigured Disney in the 1980s. However, there has been a pronounced escalation of these practices in the media sector in the past twenty years. As we saw in chapter 3, the beginning of the financialization of the music industries was marked with the purchase of Warner Music Group in 2004 by Bain Capital, THL Partners, Providence Equity Partners, and Edgar Bronfman. That same year, MGM was the target of a leveraged buyout by one of the same private equity firms. As evidenced in table 4.1, MGM was the first major buyout in the era of financialization, followed by many others. Far from its halcyon days of *Gone with the Wind* (Victor Fleming, 1939) and *Singin' in the Rain* (Gene Kelly and Stanley Donen, 1952), MGM struggled for decades, losing $1.6 billion over just six years in the 1990s.[14] Seizing the opportunity to acquire a distressed asset, a consortium of investors purchased MGM for $4.85 billion in 2004, each getting a sizable stake: Providence Equity Partners (34 percent), TPG Capital (23 percent), Comcast (21 percent), Sony (14 percent), and DLJ Merchant Partners (8 percent). Like most PE deals, this one was highly leveraged, and MGM was saddled with $3.7 billion of debt.

On paper, MGM's assets looked promising: a library of more than four thousand films, over forty-three thousand hours of television, and lucrative franchises like James Bond, Rocky, and Spider-Man. Sony hoped to exploit this content catalog with cross-content synergies, and Comcast intended to populate its cable and on-demand channels. However, the DVD market had just begun to decline in 2004; the digital sales, rentals, and subscription market had yet to take off; and MGM was releasing few films of its own. Furthermore, the standard PE playbook of mass layoffs backfired: "so many people were let go," according to *Variety*, "that MGM was no longer a viable operating company."[15] By 2010, the company was drowning in interest payments on its debt—to the tune of $300 million a year—and filed for bankruptcy to clear that debt. With a loan from JPMorgan Chase and two hedge funds, Anchorage Advisors and Highland Capital Management, it would reemerge the following week, but the original PE firms would lose out on their investment (as would any pension funds or endowments involved). The subsequent layoffs were, of course, severe.[16]

TABLE 4.1 Private Equity Investments and Acquisitions in Hollywood

Year	Private equity firm(s)	Media company target
1997	Bain Capital, THL Partners	LIVE Entertainment
1998	KKR, Hicks, Muse, Tate & Furst	Regal Cinemas
2004	JPMorgan Partners, Apollo Global Management	AMC
	KKR, Carlyle Group, Providence Equity	PanAmSat
	Madison Dearborn Partners	Cinemark
	Providence, TPG, Sony, Quadrangle, DLJ	MGM
	Terra Firma	Odeon Cinemas, UCI Cinemas
2006	THL, Blackstone, Carlyle, KKR, Hellman/Friedman, AlpInvest	Nielsen Company
2007	Providence	Hulu
	TPG, Providence, THL, Madison Dearborn, Haim Saban	Univision
2008	Blackstone, Bain Capital, NBCUniversal	The Weather Channel
	Reliance ADA Group	Dreamworks
2010	Apollo, Crestview, Oaktree	Charter
	Colony Capital	Miramax
	TPG Capital	CAA
2012	Silver Lake	WME
2013	WME/Silver Lake	IMG
2020	Blackstone	Sunset Gower Studios
2021	Blackstone	Hello Sunshine
	TPG Capital	DirecTV
2022	Elliott Investment, Brookfield Business Partners	Nielsen
	Apollo	Legendary
	KKR	Skydance

In 2007, during the height of the pre-crash private equity boom, an even larger leveraged buyout occurred with the $13.7 billion takeover of Univision, the Spanish-language broadcasting giant. As the owner of the largest media properties in the fastest-growing demographic segment of the U.S. media industries, Univision was a prime target. It attracted two consortiums, the first including PE giants KKR, Carlyle, and Blackstone, and the second, successful consortium consisting of Providence Equity Partners, TPG, THL, Madison Dearborn Partners, and Saban Capital Group.[17] The latter consortium leveraged their deal with a debt level twelve times Univision's annual cash flow, twice the norm of buyouts during that time.[18] Within two years, Univision was weighed down by nearly $11 billion in debt, forcing it to sell its music arm to Universal Music Group (strengthening Universal's monopolistic position in the music market) and to conduct multiple rounds of layoffs, including "periodic staff purges and management restructuring."[19] Univision's capacity to produce compelling content was severely hampered by its debt and it ceded almost half its audience to rival Telemundo. In 2020, the original PE consortium exited its investment and two new PE firms (Searchlight Capital Partners and ForgeLight) took majority control, ready to enact their own brand of financial engineering. In 2022, Univision merged with Televisa to form TelevisaUnivision.

Another prominent media company acquired during the private equity boom, in 2006, was Nielsen, then the Dutch publishing company VNU NV, owner of key industry data-source Nielsen Media Research and venerable industry trade-press publications *Adweek*, the *Hollywood Reporter*, and *Billboard*. Again, we can witness the private equity formula: a consortium of PE companies (in this case, KKR, THL, Blackstone, Carlyle, Hellman & Friedman, and AlpInvest Partners) acquires the company for an enormous price ($9.7 billion), saddles it with excessive debt (still $8.6 billion five years later), strips its assets (the iconic publications) for capital extraction, slashes its workforce (in a four-thousand-person "restructuring"), and exits the investment with a profit achieved through financial engineering. In 2011, after Nielsen went public with an IPO, the PE consortium's return was estimated at 10 percent, far higher than typical investments over that period.[20] In 2022, the cycle started again, with a new consortium of PE investors (including Brookfield Business Partners and Elliott Investment Management, the activist hedge fund that had been pressuring it to cut costs) taking the company private again.

The fallout of the earlier PE deal for Hollywood's trade press is another example of private equity impropriety. In 2009, the PE-managed Nielsen sold its suite of trade publications to another investment firm, Guggenheim Partners, which acquired the properties in partnership with Pluribus Capital, naming the new company e5 Global Media. The entity experienced more turmoil and cost-cutting, was renamed Prometheus Global Media, and was then subsumed under the Guggenheim Digital Media division. Guggenheim further built the library with more publishing assets, including *Backstage*, *Film Journal International*, and *Mediabistro*, before the entire catalog of publications was spun out into its own company, Eldridge Industries. This hot-potato ownership, in which a media property bounces between multiple investment firms, each attempting to extract profit at the expense of labor, is not uncommon.

In the case of Eldridge, owned by Todd Boehly (whose early career was as an investor at Credit Suisse and Guggenheim Partners), the trade publications he scooped up from private equity were the beginnings of an unlikely entertainment empire. Dick Clark Productions, the historic production company created in 1957 for its founder's radio show and subsequent television shows, which include *American Bandstand* (ABC, 1957–87) and *The Dick Clark Show* (ABC, 1958–60), continues to produce variety, event, and award shows to this day. Its contemporary management, however, is rocky, to say the least. In 2002, it attracted the interest of investment firm Mosaic Media, followed by Mandalay Entertainment in 2004, before being taken over by the PE firm Red Zone Capital Management in 2007. It was then sold again to a partnership led by Guggenheim Partners in 2012, before ending up with Eldridge in 2017. To strengthen its trade publication portfolio, Eldridge also acquired SpinMedia, adding online publications tailored to specific music audiences—*Spin* (alternative rock), *Vibe* (R&B and hip hop), and *Stereogum* (indie)—and thereby creating a diverse stable of niche media content coverage. Eldridge has helped consolidate entertainment data by acquiring Nielsen Holdings' music data business, Variety Business Intelligence (formerly TVtracker), and Alpha Data (formerly BuzzAngle Music), all of which were combined and rebranded as Luminate Data. The Eldrige entertainment empire also includes the Hollywood Foreign Press Association (organizer of the Golden Globe Awards), as well as the genre film production company Media Rights Capital (MRC) and a minority stake in the trendy film distributor A24 (both discussed below).

While the *Hollywood Reporter*, *Billboard*, and the others mentioned are operated by Eldridge, most of the rival trade-press and entertainment publications (including *Variety*, *Deadline Hollywood*, *Indiewire*, *Rolling Stone*, *Music Business Worldwide*, *ARTNews*, *Artforum*, and over a dozen more) are owned by Penske Media Corporation (PMC), funded by Quadrangle Capital Partners, a private equity firm, and Third Point LLC, a hedge fund. In 2020, Eldridge and Penske combined all these trade-press publications into PMRC, a joint venture between PMC and MRC, thus eliminating any sense of remaining competition. As the film, television, and music industries are ravaged by the predatory behavior of hedge funds and private equity firms, the PE-based trade press is disincentivized to provide critical coverage of the devastation.

HOLLYWOOD'S PRIVATE EQUITY SHADOW STUDIOS

Following the financial crisis in 2008, many financial elites sought to take advantage of low interest rates and a landscape of distressed assets. Two PE firms, Silver Lake Partners and TPG Capital, took a particular interest in Hollywood and have since assembled their own versions of film and television conglomerates. Hollywood's talent agencies were the primary targets, the first of which was TPG's investment in CAA, one of the industry's two most powerful agencies. In 2010, TPG spent about $165 million for a 35 percent stake in the company, then invested another $225 million in 2014 to give it a 53 percent stake.[21] In 2022, CAA acquired one of its main rivals, International Creative Management Partners, laying off about 20 percent of its employees.[22] Similarly, Silver Lake Partners acquired a 31 percent stake in William Morris Endeavor, the industry's other dominant talent agency, for $200 million in 2012, then followed that with a $500 million investment in 2014 to give it the largest ownership stake. With Silver Lake's funding, WME acquired sports and media group International Management Group for

$2.4 billion in 2013; the combined WME-IMG was larger than its rival CAA in scale, with a market capitalization of roughly $5.6 billion.[23] Reflecting its conglomerate status, WME-IMG was reorganized into a holding company in October 2017 and renamed Endeavor, a callback to co-CEO Ari Emanuel's original company, Endeavor Talent Agency.

As we've seen, the first step in the private equity playbook is lowering overhead, and both CAA and Endeavor have been lowering costs by laying off several top-earning agents, cutting bonuses, and reducing expenses.[24] "Suddenly guys who had been there for fifteen, twenty years, who thought they were just going to be CAA lifers, were getting pushed out without a parachute," claims a rival agent.[25] Salaries and bonuses for top agents are nowhere near their previous heights, but those who remained at CAA and Endeavor were incentivized with equity.

Even while cutting labor costs, Silver Lake and TPG have been spending freely in order to expand the scope of Endeavor and CAA's business. Typically, to avoid conflicts of interest, film and television union contracts forbid talent agencies from participating in the production of those media; consequently, talent agencies have moved aggressively into content outside of film and television. Endeavor has been the most aggressive on this front, with expansions into sports (acquiring IMG and Professional Bull Riders), digital (partnering with Turner on an esports league), events (acquiring Donald Trump's Miss Universe Organization), fine art (partnering with Frieze, a contemporary art fair), and other agencies (acquiring the Wall Group and a stylist agency business as well as Global eSports Management). By 2016, Endeavor was ready to facilitate massive deals itself, with the acquisition of the professional mixed-martial-arts organization Ultimate Fighting Championship. The purchase cost $4 billion, financed by Silver Lake Partners, KKR, and MSD Capital. In 2023, Endeavor arranged a $21 billion merger between UFC and World Wrestling Entertainment, under the new name of TKO Group Holdings, for which it would hold a majority stake.[26]

Amid this acquisition spree, as early as 2009, the talent agencies also began to skirt around the prohibition against film and television production. Both CAA and Endeavor, through the proxy of their private equity owners, set up inscrutable financing arms. Endeavor owns a stake in the Raine Group, a merchant bank formed with the help of Ari Emanuel in 2009, which invests in digital, media, and entertainment companies, such as Vice. Through Raine, Endeavor invests in Media Rights Capital, the previously mentioned, opaquely named firm described as a "hybrid financier, rights-holder, and development pod."[27] It has been involved in several films that primarily feature so many Endeavor clients (actors and directors) that it could hardly be a coincidence, including *Ted* (Seth MacFarlane, 2012), *Elysium* (Neill Blomkamp, 2013), *22 Jump Street* (Phil Lord and Chris Miller, 2014), and *Furious 7* (James Wan, 2015). Other investors in MRC include Goldman Sachs, AT&T, advertising giant WPP, and the PE firms ABRY Partners and Guggenheim Partners.

TABLE 4.2 Private Equity Shadow Studios: TPG Capital and Silver Lake Partners

Type	TPG	Silver Lake
Talent agency	CAA (and ICM)	Endeavor (WME-IMG)
Data	Entertainment Partners	Cast & Crew CAPS Payroll
Content investments	STX Univision Funny or Die Spotify Vice DirecTV Platform One Media	Media Rights Capital Miss Universe UFC Endeavor Content IMG Original Content Jio Platforms AMC Theatres
Investment arm	Evolution Media Capital CAA Ventures Creative Labs	Raine WME Ventures

In 2015, Silver Lake Partners acquired Cast & Crew Entertainment Services for $700 million. This forty-year-old company provides many back-end accounting services to Hollywood productions, such as payroll processing, residuals processing, workers' compensation services, health insurance, labor relations, production incentives, and production tax credit financing. The following year, Silver Lake acquired Cast & Crew's main competitor, CAPS Payroll. Owning the combined data of two of the biggest payroll companies in Hollywood is an obvious strategic advantage, as the same company negotiates wages and residuals for its clients while having the historical and industry-wide data about those rates. Silver Lake has thus fashioned a new type of content business with financialized vertical integration. It facilitates the talent (Endeavor), data (Cast & Crew and CAPS), financing and production (MRC, Endeavor Content, IMG Original Content), exhibition (ownership stake of AMC Theatres), and investment portfolio (Raine, WME Ventures). Silver Lake's "shadow studio" is itemized in table 4.2, along with TPG's.

TPG's shadow studio also includes employment and payroll information through its acquisition of Entertainment Partners in 2019, a company that had previously consolidated other payroll service companies, Ease Entertainment and Scenechronize.[28] At TPG-owned CAA, there has also been a financialized content production arm in STX Entertainment, a film and television studio created by film producer Robert Simonds and TPG managing partner Bill McGlashan in 2014. TPG and Hony Capital, a Chinese PE firm, provided the initial investment, with subsequent funding from a number of wealthy investors, including John Malone's Liberty Global, and a variety of East Asian firms, including Huayi Brothers Media, China's largest private film company; Tencent, the Chinese tech giant; and PCCW, the Hong Kong telecom and media company. The publicized strategy is to develop, produce, and self-distribute a slate of eight to twelve films, targeting the star-driven, mid-range-budget ($20–80 million) movies for adult audiences that the traditional studios have neglected in favor of superhero franchises and children's animation. Another way to look at STX, however, is as a production arm of CAA, as TPG is the majority shareholder of both.

Just as Silver Lake features its own Endeavor talent in its MRC productions, TPG overwhelmingly features its own CAA talent in its STX productions. *The Gift* (Joel Edgerton, 2015), *Free State of Jones* (Gary Ross, 2016), *Bad Moms* (Jon Lucas and Scott Moore, 2016), and *The Circle* (James Ponsoldt, 2017) all feature above-the-line talent represented by CAA. STX negotiates its own distribution agreements directly with the big North American theater chains (i.e., AMC Theatres, Regal Cinemas, and Cinemark), and its Chinese investors give it an advantage in being approved for release in their heavily regulated and highly sought-after market. Silver Lake's attempt at fashioning its own content studio has thus far produced mostly underperforming film and television, relative to its budget, and though it relies on Showtime and Universal Home Entertainment for distribution in later release windows, its financialized vertical integration has managed to mostly avoid the big Hollywood conglomerates and represents a new approach to content production and distribution. In 2020, it briefly merged with an Indian studio (Eros International), before being bought by another PE firm, Najafi Companies, in 2022.

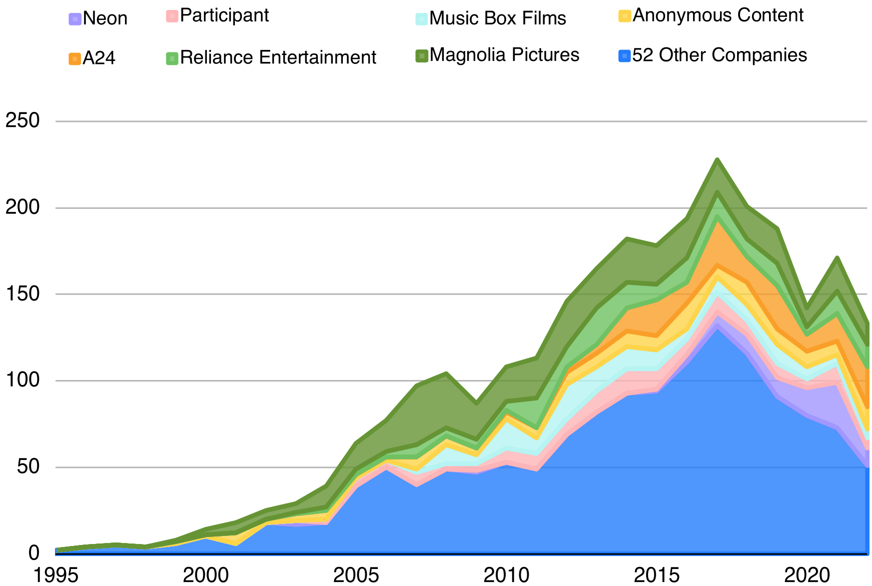
In recent years, the talent agencies became bolder in flouting the rules against production. CAA operated Wiip, a television production company known for the HBO hit *Mare of Easttown* and the Apple TV+ series *Dickinson*, among many others. Endeavor operated both IMG Original Content, which had more than fifty series and specials on its roster, and Endeavor Content, which had financed, packaged, or sold more than one hundred films and TV shows since 2016, including Academy Award winners *Arrival* (Denis Villeneuve, 2016), *La La Land* (Damien Chazelle, 2016), and *Manchester by the Sea* (Kenneth Lonergan, 2016), as well as Emmy-winner *Killing Eve* (BBC, 2018–present). Known in industry jargon as "double-dipping," the involvement of talent agencies in production was expressly banned by the Screen Actors Guild (SAG) for nearly sixty years, but its legality was in limbo since an agreement between SAG and the talent agencies expired in 2002. This flagrant conflict of interest caused strife with the WGA, which began flagging the practice as early as March 2018, claiming that "agencies have little incentive to defend or improve quotes (writers' previous pay) because their compensation is not tied to the well-being of their client."[29] Upon the WGA's successful labor action started in 2019, discussed above, Endeavor agreed to the WGA's terms and divested from scripted production (though it held on to non-scripted, documentary, and film consulting). In 2021, it sold a majority stake of IMG Original Content and Endeavor Content for $775 million to South Korean conglomerate CJ ENM, which renamed the company Fifth Season. CAA also divested from Wiip, which was acquired by JTBC Studios, another South Korean media company.

Though they lost the battle with the WGA, the talent agencies could afford to be in open conflict with the WGA, in part because film and television talent is no longer their sole focus. The expansion into other talent sectors such as sports, fashion, and fine art is one example of this diversification, and another is the move into corporate venture capital. CAA Ventures, for instance, invests in early-stage startup companies, including Uber (transportation networking), Meerkat (mobile live streaming), Funny or Die (comedy-focused website and production company), and WhoSay (social media services and branding for celebrities). Evolution Media, another investment subsidiary within CAA, also provides seed funding to startups with capital from TPG's fund, as well as negotiating and structuring over $37 billion in sports media deals since 2015.[30] Endeavor also has a pair of investment subsidiaries, the aforementioned Raine and WME Ventures, that offer access to an even broader network, including film, television, digital media, fashion, music, sports, brands, and events. Because they are housed within talent agencies owned by PE firms, these corporate venture capital firms offer their investment companies not only seed capital but also unique and valuable consultation on navigating Hollywood's singular culture and connection to the agency's talent roster. In 2021, Endeavor became a public company through an IPO, valued at just over $10 billion. CEO Ari Emanuel's payday included a $308 million bonus, while his employees claimed they were shortchanged.[31] Silver Lake's stake and the amount of shares it sold were undisclosed, but would have been in the billions. CAA, meanwhile, was acquired in 2023 by Groupe Artémis, the investment firm of the Pinault family, who operate a luxury goods empire and are one of the wealthiest families in the world. TPG's profit in its investment is undisclosed, but it was reported to be a rate of return of more than 30 percent.[32] Both shadow studios, fueled by shadow banking, are yet another example of the private equity racket: facilitating consolidation, running roughshod over labor, enriching the wealthy, and profiting handsomely in the process.

FROM INDIES TO FINDIES: THE RISE OF BILLIONAIRE BOUTIQUES AND PLUTOCRATIC PATRONS

Another dimension of the financialization of Hollywood is a new era of "independently wealthy film and television." Between 1996 and 2020, more than sixty American production and distribution companies (I call them "billionaire boutiques"), each funded by a wealthy benefactor, often an heir to a massive fortune (I call them "plutocratic patrons"), arose and saturated the mid-level indie market with a financialized form of television and indie films (or "findies"). Figure 4.2 tallies the total numbers of productions developed by billionaire boutiques each year, showing this phenomenon's start in the late 1990s and acceleration in the early aughts, just as the studio-affiliated specialty sector is declining and wealth inequality is increasing. Over 2,500 films and television shows were traced to this kind of production. Table 4.3 provides a list of billionaire boutiques, the years they were established, and their plutocratic patrons.[33] Many of the most acclaimed, award-winning films and auteurs of recent years are deeply intertwined in this

FIGURE 4.2. Numbers of film and television releases by companies with wealthy patrons, 1995–2022. Data: IMDb.



network of patronage and plutocracy: aging legends such as Martin Scorsese, Clint Eastwood, and Terrence Malick; acclaimed auteurs such as Alfonso Cuarón, Wes Anderson, and the Coen Brothers; television innovators such as David Chase, Sam Esmail, and Cary Joji Fukunaga; inspiring documentarians such as Joshua Oppenheimer, Charles Ferguson, and Laura Poitras; international visionaries such as Bong Joon-ho, Yorgos Lanthimos, and Park Chan-wook; and younger filmmakers like Lulu Wang, Greta Gerwig, and Ari Aster. These films aren't derivative in the same sense as franchises and pre-sold intellectual property, but they are a product of a financialized industry. As discussed below, findies are a playground for the wealthy, a reputation laundering machine, and the research and development wing of Hollywood, as many of these directors are subsumed into blockbuster film and television.

Glancing down the "plutocratic patron" column of table 4.3 will give a sense of where this wealth comes from and the depth of this financing within Hollywood. Many of these companies are operated by the heir of a wealthy father or grandfather, all of whom, with the exception of Abigail Disney, granddaughter of Roy Disney, made a massive fortune outside of Hollywood, through firms such as Nike, Hyatt, Oracle, Purdue Pharma, FedEx, Toyota, and Bacardi. Other companies listed are operated by financial investors (or their heirs), often associated with Wall Street investment firms, such as Goldman Sachs, TD Ameritrade, The Money Store, Bear Stearns, TPG, and Guggenheim Partners. Twelve companies are run by technology titans, including companies such as Microsoft, Apple,

TABLE 4.3 Film and Television Companies with Wealthy Patrons

Year established	Company	Plutocratic patron
1996	Lakeshore	Tom Rosenberg (real estate)
1997	Vulcan Productions	Paul Allen (Microsoft cofounder)
1999	Anonymous Content	Laurene Powell Jobs, widow of Steve Jobs (Apple)
	Alcon Entertainment	Fred Smith (FedEx)
2000	Legendary Entertainment	Thomas Tull (private equity)
	Walden Media	Philip Anschutz (oil, railroads, real estate, AEG, Coachella)
	Gold Circle Films	Norman Waitt Jr. (Gateway Computer cofounder)
2001	Magnolia Pictures	Marc Cuban (MicroSolutions, Broadcast.com)
	Oddlot Entertainment	Gigi Pritzker, daughter of Jay Pritzker (Hyatt Hotels)
2002	2929 Productions	Marc Cuban (MicroSolutions, Broadcast.com)
	Yari Film Group	Bob Yari (real estate)
2004	Participant Media	Jeff Skoll (eBay)
	Bold Films	Michel Litvak (commodity logistics)
	Sidney Kimmel Entertainment	Sidney Kimmel (Jones Apparel Group)
2005	Big Beach	Marc Turtletaub, son of Alan Turtletaub (The Money Store)
	Laika Films	Travis Knight, son of Phil Knight (Nike)
	River Road	Bill Pohlad, son of Carl Pohlad (banking empire)
	Reliance Entertainment	Anil Ambani (Reliance Group, Indian conglomerate)
2006	Dune Entertainment	Steven Mnuchin (hedge fund manager), son of Robert Mnuchin (Goldman Sachs)
	Media Rights Capital	Todd Boehly (investor, ex–Guggenheim Partners)
	Skydance Media	David Ellison, son of Larry Ellison (Oracle)
	Indian Paintbrush	Steven M. Rales (Danaher Corporation)
2007	Music Box Films	William Schopf (law firm Schopf & Weiss)
	Fork Films	Abigail Disney, granddaughter of Roy Disney
	Smokewood Entertainment	Gary Magness, son of Bob Magness (TCI)
	Worldview Entertainment	Sarah Johnson Redlich (heiress to Franklin Templeton Investments fortune)
	Representational Pictures	Charles Ferguson (Vermeer Technologies)
2008	Benaroya Pictures	Michael Benaroya, son of Jack Benaroya (real estate tycoon)
	The American Film Company	Joe Ricketts (TD Ameritrade, investment brokerage)
2009	Cross Creek Pictures	Timmy (father) and Tyler (son) Thompson (third- and fourth-generation oil men)
	Faliro House Productions	Christos Konstantakopoulos, son of Vassilis Konstantakopoulos (shipping tycoon)
	Everest Entertainment	Lisa Maria Falcone, wife of Philip Falcone (hedge fund manager)

(*continued*)

TABLE 4.3 *(continued)*

Year established	Company	Plutocratic patron
2010	Great Curve Films	Madeleine Sackler, daughter of Raymond Sackler (Purdue Pharma)
	FilmDistrict	Timothy Headington (oil and real estate)
2011	Annapurna Pictures	Megan Ellison, daughter of Larry Ellison (Oracle)
	Waypoint Entertainment	Ken Kao, son of Min Kao (Garmin)
	First Take Entertainment	Vinay Virmani, son of Ajay Virmani (Cargojet)
2012	A24	Peter Lawson-Johnston (cofounder of Guggenheim Partners), grandson of Solomon R. Guggenheim (heir to mining fortune)
	Media Content Capital	Anton Lessine, son of Mikhail Lesin (Russian oligarch)
	Black Bear Pictures	Teddy Schwarzman, son of Stephen Schwarzman (Blackstone)
	Demarest Media	William D. Johnson (heir to Franklin Templeton Investments fortune)
	RatPac-Dune Entertainment	James Packer, son of Kerry Packer (Australian media tycoon), and Steven Mnuchin
2013	AMBI Distribution	Monika Bacardi (married to Bacardi heir)
	Black Label Media	Molly Smith, daughter of Fred Smith (FedEx)
	Boies/Schiller Film Group	David Boies (lawyer/private equity)
	First Look Media	Pierre Omidyar (eBay)
	AI-Film	Lev Blavatnik (Access Industries)
2014	STX Entertainment	Bill McGlashan (TPG)
	Black Bicycle Entertainment	Erika Olde, daughter of Ernest J. Olde (Olde Discount Corporation, stock brokerage)
	Broad Green Pictures	Gabriel Hammond (hedge fund manager)
	K Period Media	Kimberly Steward, daughter of David Steward (World Wide Technology)
	Bleecker Street	Manoj Bhargava (5-hour Energy)
2015	Imperative Entertainment	Thomas D. Friedkin, son of Thomas H. Friedkin (Gulf States Toyota)
	MWM	Gigi Pritzker, daughter of Jay Pritzker (Hyatt Hotels)
	Primeridian Entertainment	Arcadiy Golubovich, son of Alexei Golubovich (Russian oil tycoon)
	Macro	Laurene Powell Jobs, widow of Steve Jobs (Apple)
	Access Entertainment	Lev Blavatnik (Access Industries)
2017	Neon	Thomas D. Friedkin, son of Thomas H. Friedkin (Gulf States Toyota)
	Global Road Entertainment	Donald Tang (investment banker, ex–Bear Stearns)
2018	Concordia Studio	Laurene Powell Jobs, widow of Steve Jobs (Apple)
2019	Level Forward	Abigail Disney, granddaughter of Roy Disney

Gateway, eBay, and Garmin. Fourteen more billionaire boutiques were founded by men who made their wealth in oil, real estate, law, and manufacturing, then "retired" to a life of leisure and prestige in Hollywood. The overall picture is one of mountains of wealth casting a shadow on arthouse theaters playing esoteric indie films.

Discussions of independent cinema often refer to a spectrum between independent and studio, representing the margins and the mainstream, with varying opportunities for different kinds of filmmakers, including "indie" somewhere in the middle. A more simplistic framework is establishing itself, an increasingly limited, binary option: either the studio model, mostly focused on pre-sold intellectual property and franchise blockbusters, or the financialized model, in which wealthy investors seek profit or status or both by sponsoring filmmakers who fit their objective. In an era of low interest rates, high wealth inequality, financial liquidity, and Wall Street speculation, the structure of the industry is transforming, including its margins.

The American independent film sector has ebbed and flowed through many waves, with varying relationships to commerce. Media scholar Yannis Tzioumakis traces a long history, starting in the 1920s, through United Artists and Poverty Row and beyond, arriving at the "institutionalization" of independent cinema in the 1980s.[34] Following the success of *Sex, Lies, and Videotape* (Steven Soderbergh, 1989) and the commercialization of independent film, the term *indie* started being used to encapsulate the symbiotic relationship between Hollywood studios, "mini-majors," "major independents," and smaller firms. In the "Sundance-Miramax era" of the 1990s, many of the entertainment conglomerates formed or acquired subsidiary divisions that specialized in small or mid-tier films that appealed to adult audiences through attributes like quirkiness, cool, cult following, prestige, and awards.[35] By the late 1990s and early 2000s, *indiewood* was used to describe a more fully institutionalized relationship, in which co-optation was complete and conglomerates began to shed their specialty divisions.[36]

With the rise of platforms such as YouTube, Netflix, Amazon, and Kickstarter, recent scholarship in the field has turned to these digital opportunities and obstacles.[37] Often missing from these accounts is an attention to the industry's structure beyond the studio/independent spectrum and what replaced the shuttered Fine Line (2005), New Line (2008), Warner Independent (2008), Picturehouse (2008), Miramax (2010), and Paramount Vantage (2013). Tzioumakis describes this period as an "extensive shakeout" of the American specialty film market, following the 2008 financial crisis,[38] while Alisa Perren suggests that the decline of DVD sales contributed to the "near collapse of the specialty sector" in those years.[39] Though their roots can be traced back to at least 1996, it was in this period around 2008, when the studios abandoned indiewood, that billionaire boutiques sought to fill the gap with findies and financial engineering.

In addition to this contextualization of American independent film history, the term *independence* requires a brief note. Many definitions of independent film have been offered by scholars and critics over the years, each proposing a set of characteristics that invariably includes one or more of the following features: proximity to Hollywood and/or the major studios, budget size, an author's personal vision, formal experimentation, alternative production and distribution strategies, film festival and award recognition, digital technology, taste cultures, marginality, and/or radical political intent.[40] A mix of aesthetic and industrial attributes, this classification system needs an update for the New Gilded Age of escalating wealth inequality. Financialization, intergenerational wealth, tax evasion, capital extraction, reputation laundering, and corrupt philanthropy are now essential characteristics of the industrial structure of contemporary independent and indie film.

FALSE PROFITS: BIG BEACH, ANNAPURNA, AND AUTEURS

When considering the sustainability of independent film, the increasing level of subservience to plutocracy stands out as a dangerous development. Filmmakers have always faced constraints when creating challenging work in Hollywood, of course, but to rely on the generosity of the progeny of the wealthy elite has a number of downsides. Nineteen of these affluent scions are young men, almost all white, whose biographies often read like a contemporary version of *Citizen Kane* (Orson Welles, 1941), minus the early, rural childhood spent in a boarding house. The heirs to oil (Timmy and Tyler Thompson, Alexei Golubovich), shipping (Christos Konstantakopoulos), and real estate (Michael Benaroya) have decided to wield their unearned influence in Hollywood. Channeling Charles Foster Kane, who was not interested in "oil wells, shipping or real estate," but thought "it would be fun to run a newspaper," these products of intergenerational wealth transfer have chosen to spend their inheritance in the creative world of media production.[41]

Big Beach is a fitting example, a film financing and production company responsible for charming, "quirky" indie films like *Little Miss Sunshine* (Valerie Faris and Jonathan Dayton, 2006), *Away We Go* (Sam Mendes, 2009), *Our Idiot Brother* (Jesse Peretz, 2011), *Safety Not Guaranteed* (Colin Trevorrow, 2012), and *The Farewell* (Lulu Wang, 2019). The company is run by Marc Turtletaub, who inherited his father Alan's mortgage-lending company, The Money Store, which helped pioneer subprime mortgages (predatory loans given to homeowners with low credit scores and little means to pay back the loan). Suspiciously, Turtletaub sold The Money Store for $2.1 billion just a month before the subprime industry imploded; new owner First Union Corporation closed The Money Store two years later at a loss of $2.8 billion.[42] With his profits, Turtletaub bought a home in Hawaii and started Big Beach to "make films that have some kind of redemption," as Marc wants to "touch people" and "change people."[43] The family legacy continues with

Alex Turtletaub, son of Marc and grandson of Alan. Alex is never referred to as Marc's son in the trade press or in company information, and they appear to avoid being photographed or mentioned together, but Alan's obituary confirms the familial connection.[44] Alex was given the opportunity to work as an assistant editor on early Big Beach films, such as *Safety Not Guaranteed*, then given the keys to Beachside Films, the West Coast affiliate of Big Beach Films.

Providing another case study in unearned privilege and influence are the progeny of Larry Ellison, the founder of Oracle, a technology company that sells database management systems. After plundering more than $10 billion during the COVID pandemic, Ellison now has more than $100 billion to his name, making him the eighth wealthiest man in the world[45] and "a modern-day Genghis Khan," according to a biographer.[46] A few of the things Ellison has purchased with this ungodly amount of money include a yacht (worth $194 million), paradise (he owns 98 percent of the Hawaiian island of Lanai, whose Indigenous people have been fighting a series of wealthy white men), legal impunity (he had a billion-dollar insider trading lawsuit settled by donating $100 million to his own charity, despite his shady history with philanthropy), and, allegedly, special favors from President Trump acquired through ~~bribery~~ fundraising.[47] Ellison raised millions for Trump's reelection campaign by auctioning rounds of golf for $100,000, with added perks at a quarter million, which secured the Trump administration's support in Oracle's disputes with Google and Microsoft, as well as its attempted takeover of the U.S. division of TikTok.[48] Another outcome of this wealth is Skydance Media, formed by his son David in 2006, and Annapurna Pictures, run by his daughter Megan.

David Ellison makes a fine living investing his father's money in blockbuster movies, television, and video games. By 2020, Skydance had arranged a billion-dollar credit line from JPMorgan and investment from the private equity firms KKR and RedBird Capital Partners (which also fund LeBron James's SpringHill Company and Ben Affleck and Matt Damon's Artists Equity). But Megan Ellison is the more interesting sibling here, since she was anointed by *Variety* as "patron of the auteur," including filmmakers like Kathryn Bigelow (*Zero Dark Thirty*, 2012; *Detroit*, 2017), P. T. Anderson (*The Master*, 2012; *Phantom Thread*, 2017), Spike Jonze (*Her*, 2013), David O. Russell (*American Hustle*, 2013; *Joy*, 2015), Barry Jenkins (*If Beale Street Could Talk*, 2018), and others.[49] Megan Ellison is a provocative figure for a number of reasons, James Lyons argues, including her successful negotiation of the gendered discourses of the independent film sector, as well as her strategic use of social media.[50] It's worth adding the simple fact that she is a young queer woman with immense power in Hollywood, a group of which she is perhaps the only member. However, adding class to this analysis problematizes her role's purported pure benevolence. Having inherited $2 billion on her twenty-fifth birthday,[51] Megan established Annapurna in 2011 with a mission that "isn't looking for fame, but is simply motivated to support talented filmmakers." Even if Ellison did have the best of intentions upon starting this company, the long-term result has been

FIGURE 4.3. Megan Ellison's response to criticism.

the weakening of the overall infrastructure for independent film as it becomes ever more closely linked to the whims of the wealthy and the vagaries of finance.

Like those of other heirs who are now key nodal points in the network of filmmaking on the margins of Hollywood, Megan Ellison's decisions loom large and often have ties to financial firms. Annapurna works primarily with directors signed to CAA, the famed talent agency acquired by TPG in 2014, which has since been assembled into a vertically integrated "shadow studio," as discussed above.[52] Annapurna has worked closely with The Weinstein Company, bankrolled by Goldman Sachs. Another of Annapurna's partners is MGM, the once iconic studio that was taken over by PE firms in 2004, filed for bankruptcy in 2010, sold to a different consortium of PE firms, and has since been acquired by Amazon. Commenting on this deal, the world's wealthiest man, Jeff Bezos, explained that the objective of the acquisition was not cinematic opportunities, but MGM's "deep catalog of much beloved intellectual property."[53]

In 2019, there were reports of "restructuring" at Annapurna amid bankruptcy rumors after burning through $350 million of credit and a series of films that failed to turn a profit. Larry Ellison leveraged his own relationship with the lenders, including banks such as JPMorgan and Wells Fargo, to pay off the debt at 80–85 cents on the dollar.[54] Banks don't make a habit of angering the eighth wealthiest man in the world. Megan's record of financing over-budgeted, underperforming films and then getting her father to bail her out is not good for the filmmaking community; it deters other investors and artificially raises prices. The independent film infrastructure is fragile at the best of times, reliant as it is on festivals, passionate creators, dedicated workers, and word-of-mouth. Inexperienced heirs throwing around money is destructive to the overall health of the industry. For independent cinema to rely on a handful of wealthy people, inherently biased by their whiteness, privilege, and security, is to threaten the stability and sustainability of the art form. According to *Variety*, Annapurna had "endured major financial setbacks under a strategy to pridefully spend what it takes to get visionaries seen and heard."[55] Taken to task for this mismanagement, Megan tweeted back, "nice way of supporting women. I have done good things for this industry and you want me in it. By the way, my money and I look more like this . . . and my dad thinks I'm dope as fuck."[56] She included a picture of Beyoncé surrounded by money.

A24, AMAZON, AND OLD, OLD MONEY IN NEW, NEW HOLLYWOOD

Moving on to Hollywood's *other* trendy indie company: A24 has built a brand image similar to that of Annapurna, casting it as an award-winning (over 4,300 nominations, twenty-six for Academy Awards), artist-friendly company that specializes in unique, edgy, well-marketed films that cater to hip audiences. Established auteurs are welcome at A24 as well, with Sally Potter (*Ginger & Rosa*, 2012), Denis Villeneuve (*Enemy*, 2013), Noah Baumbach (*While We're Young*, 2014), Andrea Arnold (*American Honey*, 2016), and Kelly Reichardt (*First Cow*, 2020). Cultivating new talent is another aspect of A24's success, having distributed the debut films of directors including Alex Garland (*Ex Machina*, 2014), David Eggers (*The Witch*, 2016), Greta Gerwig (*Lady Bird*, 2017), and Ari Aster (*Hereditary*, 2018). Another strategy is helping directors who have a few films under their belt break through to wider audiences and award recognition, such as Yorgos Lanthimos (*The Lobster*, 2015; *The Killing of a Sacred Deer*, 2017), Barry Jenkins (*Moonlight*, 2016), the Safdie Brothers (*Good Time*, 2017; *Uncut Gems*, 2019), Lulu Wang (*The Farewell*, 2019), Trey Edward Shults (*Waves*, 2019), Joanna Hogg (*The Souvenir*, 2019), and Lee Isaac Chung (*Minari*, 2020). No doubt, this is a diverse list of filmmakers and a provocative catalog of films that, if my students are any indication, have struck a chord with an audience that skews young. A24's roots, though, are in something much, much older.

In 1847, Meyer Guggenheim arrived in the United States and began a family mining business that would eventually amass one of the largest fortunes in the world and shape the planet's supply chain of resources well into the twentieth century. In 1918, *Forbes* recognized the Guggenheims as the second richest family in the United States. Tin from Bolivia, diamonds from Angola, copper from Chile, and rubber from what is now the Democratic Republic of the Congo were key to the political economy of the time. Today, financial capital and philanthropy play the same role, which is why Solomon Guggenheim shifted to collecting art and opening museums, while other descendants of the Guggenheim fortune now operate two global investment and financial services firms, Guggenheim Capital and Guggenheim Partners. The latter manages over $300 billion in assets, which includes the seed money that began A24 in 2012. One of A24's cofounders was Daniel Katz, whose former role was head of the film finance group at Guggenheim Partners.

The nineteenth-century colonial roots of the Guggenheims' resource-extraction-based fortune have blossomed into twenty-first-century neocolonial fruit in unexpected and unfortunate ways. Despite the overarching threat of climate collapse and the frequent, dramatic reminders of its devastation, Guggenheim Partners is planning for a future of exploiting the melting of the Arctic ice caps. "The history of economic development in regions of the world has really been fraught with a mass of mistakes," says Scott Minerd, chairman of investments at Guggenheim Partners, in a world-historically loathsome understatement, before pitching his company as the one to establish development in the Arctic.[57] Who better to pillage the Earth's dwindling resources "provide infrastructure finance" for mining, shipping, fishing, and energy extraction than Guggenheim Partners, descendants of the wretched company that helped "pioneer" these practices, in both ugly senses of the word. In less direct ways, A24 fits into this imperial narrative as well.

Not only is A24 an investment of Guggenheim Partners, thereby routing capital back into its investment fund, to be redeployed to things like Arctic extraction (or, vice versa, the spoils of Arctic extraction are invested in A24), but A24 has relationships with similarly fraught global empires, namely Apple and Amazon. If measured by valuation (i.e., the financial value of a company determined by stock price), Apple and Amazon are two of the largest companies in the history of the world, at $3 trillion and $1.5 trillion, respectively, as of December 2023. If their current market power remains unchallenged by regulatory enforcement, those numbers will likely continue to climb. The global disorder of Apple's supply chain is legion, from the gold mines in Colombia run by violent organized crime syndicates, to the cobalt mines in the Democratic Republic of the Congo that exploit child labor, to the installation of suicide-prevention nets at iPhone-producing Foxconn factories in China.[58] Both Amazon and Apple have built their empires not through competitive success, but through conquest. Each uses its investor-fueled war chests of cash to purchase competitors: 122 in Apple's case and 108 in Amazon's.

Criticism of both empires tends to focus more on their dominance through technology, what Nick Couldry and Ulises Mejias call "colonial corporations" in a new era of "data colonialism," or what Emily West calls "global platform imperialism."[59] But both empires are increasingly involved in Hollywood and in the broader media market, as a way to gather more personal data and keep consumers contained within their device- and subscription-based ecosystems. Amazon has subsidiaries at every point of the entertainment value chain: Amazon Studios (film), Prime Gaming, Wondery (podcasting), and Twitch (live streaming) for the production of content; Prime Video (subscription video-on-demand), IMDb TV (advertising-supporting video-on-demand), Amazon Channels (à la carte subscriptions), Amazon Music, and Audible (audio books) for consumption. Amazon Studios has built up a reputation for acquiring indie films at Sundance and distributing the work of independent filmmakers, including Spike Lee (*Chi-Raq*, 2015), Park Chan-wook (*The Handmaiden*, 2016), Lynne Ramsay (*You Were Never Really Here*, 2017), and Regina King (*One Night in Miami . . .*, 2020). Similar to Annapurna, Amazon Studios also has a reputation for overspending and underdelivering: in 2019, it spent $46 million on four films that collectively grossed only $26 million.[60] It set a series of acquisition spending records: $10 million for *Manchester by the Sea* (Kenneth Lonergan, 2016), $12 million for *The Big Sick* (Michael Showalter, 2017), $13 million for *Late Night* (Nisha Ganatra, 2019), and $14 million for *The Report* (Scott Z. Burns, 2019). For Amazon, however, box office is inconsequential; it is the prestige status of film and television that fuels its overall retail empire by making its Prime membership more appealing to consumers. "When we win a Golden Globe," claims Jeff Bezos, "it helps us sell more shoes in a very direct way."[61]

Apple too has become a key buyer at Sundance, surpassing Amazon's spending and setting new records by spending $25 million for *CODA* (Sian Heder, 2020), which would go on to win the Academy Award for Best Picture, and $12 million for *Boys State* (Amanda McBaine and Jesse Moss, 2020), the most ever spent on a documentary at the festival. Indie films are part of Apple's strategy to build out its premium "services" bundle, which includes TV+, Music, Arcade, and News+. Similar to Amazon, Apple uses film as a loss-leader for its more profitable business, thereby harming the infrastructure for independent companies that are priced out of the market, unable to compete with Amazon and Apple's largesse. Apple and Amazon also tend to purchase a film's exclusive, worldwide rights, eliminating a film's ability to raise money by selling to individual territories or in separate release windows. A24 is a key supplier to both Amazon and Apple. In 2013, it entered an exclusive deal with Amazon for its films to stream on Prime Video after its DVD/BluRay window. In 2018, A24 agreed to produce a slate of original films for Apple, a natural fit for each company's prestige brand image. A24 also handles theatrical distribution for some of Apple's films, including *The Elephant Queen* (Victoria Stone and Mark Deeble, 2020), *On the Rocks* (Sofia Coppola, 2020), and *The Tragedy of Macbeth* (Joel Coen, 2021).

By the time you read this, it's possible that A24 will have been acquired by Apple, as trade-press rumors of A24's $3 billion price have been common, with Apple as its likely buyer. Similar to the indie "gold rush" that occurred in the 1990s, when Miramax, New Line, Good Machine, and others were purchased by the entertainment conglomerates of the time, a new wave of consolidation and media empire-building is under way. The aforementioned Amazon acquisition of MGM, Warner's merger with Discovery, and Disney's purchase of Fox are the biggest deals to occur since 2018, but indie consolidation is occurring as well, such as Searchlight's new home at Disney, the sale of Reese Witherspoon's Hello Sunshine company to an investment firm backed by private equity giant Blackstone, and the Miramax library's new home at Lionsgate. Just as Miramax and its ilk developed new audiences with innovative marketing strategies that were eventually funneled into the Disney and Warner empires, distributors like A24 operate as the research and development arms of transnational tech and media companies—though, considering Guggenheim's colonial and imperial heritage, as well as Apple and Amazon's reinvention of these practices, it is more accurate to refer to A24's role as "pioneering" a new audience.

If and when A24 sells, there will be little public information about who will earn the lion's share of profit off the backs of these indie filmmakers. Apart from the 10% owned by a group of investors including private equity firm Stripes, the exact nature of the ownership structure of A24 is unknown, as is common with investor-led, privately held companies. Most stories about the company repeat the claim that A24 started with seed money from Guggenheim, without providing any further details. "Neither A24 nor Guggenheim would discuss dollar amounts," an early profile of the company stated, but "Guggenheim invested several million dollars to set up the company on behalf of its investors and manages A24 through its board of directors."[62] These kinds of shell games are routine within the financial world, but independent filmmakers depend on the quasi-transparency of box office returns, film festival acceptances, and critics' reviews to provide some semblance of order in an already harsh business. The increasing lack of public data in the streaming era, combined with the obfuscation of financial capital, adds yet more obstacles for continuing success.

The press plays a role in this subterfuge. Instead of investigations of where Hollywood capital comes from, A24 is "The Little Movie Studio That Could" and "the Scrappy Film Company That Made *Moonlight* and *The Witch*," or, according to critic David Ehrlich, in an article entitled "The Distributor as Auteur," it's the "fledgling distribution company" that caused "the film industry [to crawl] out of its deathbed and back onto its feet."[63] The colonial, imperial roots of the Guggenheim fortune don't factor into these gushing profiles. A surprising conflict-of-interest disclaimer at the bottom of a trade-press article might account for both the fawning praise and the lack of inquiry: "A24 is owned by Guggenheim Partners, parent company of *The Hollywood Reporter*."[64] As discussed earlier, the *Hollywood Reporter* is now part of a catalog of trade-press publications, owned by a PE-backed joint venture between Penske Media and MRC called PMRC. What is the likelihood that the *Hollywood Reporter* investigates A24 when each is owned by the same investment firm? What is the likelihood that any trade-press publication will run a critical story on the financialization of Hollywood when both sectors are increasingly controlled by the same set of Wall Street investment firms?

FILMANTHROPY: THE SCHWARZMANS, THE SACKLERS, AND THE SKOLLS

To my mind, one of the finest films of the previous decade is *Mudbound* (Dee Rees, 2017), a complex, historical meditation on the intersections of rural, racial, national, and class struggle. It was financed, in part, by Black Bear Pictures, which has produced other progressive films like the agribusiness critique *At Any Price* (Ramin Bahrani, 2013), the corporate-mining drama *Gold* (Stephen Gaghan, 2016), the Barack Obama biography *Barry* (Vikram Gandhi, 2016), the GLAAD Media Award–nominated Spanish-language love story *I Carry You with Me* (Heidi Ewing, 2020), and *I Care a Lot* (Jonathan Blakeson, 2020), marketed as "a searing swipe at late-stage capitalism." Black Bear was founded by Teddy Schwarzman, a former lawyer in corporate restructuring, with money from his father, Stephen Schwarzman, a billionaire twenty-five times over. Schwarzman is the chairman and CEO of the Blackstone Group, a private equity firm that holds over $600 billion in assets and was involved in the leveraged buyouts of Univision and Nielsen, among countless others in the wider economy. Abroad, Blackstone invests in the deforestation of the

Amazon rainforest,[65] while, closer to home, its landlord practices were condemned by the United Nations for "wreaking havoc" in communities with "aggressive evictions" and "constant escalation of housing costs," contributing to the "financialization of housing."[66] Its subprime mortgage foreclosures had a disproportionate impact on communities of color and it has often lobbied against rent control.

Though the young Schwarzman produced a loving tribute to President Obama's formative college years with *Barry*, the elder Schwarzman had a more combative relationship with the president. When Barack Obama suggested raising the carried interest tax rate (key to private equity profit), Schwarzman claimed this was "like when Hitler invaded Poland in 1939."[67] For more than a decade, there has been bipartisan support for ending this loophole (including presidents Biden, Trump, and Obama, along with many senators, particularly Elizabeth Warren), as it is clearly predatory.[68] The financial lobby, however, always intervenes successfully, serving the interests of Schwarzman and his fellow Wall Street associates, or "vampires" in Warren's words.[69] Schwarzman's relationship with Trump is more amicable. A longtime friend and adviser to Trump, Schwarzman donated $50 million to Republican super PACs and was appointed chairman of Trump's Strategic and Policy Forum. Moreover, Blackstone was rewarded with a $20 billion deal with Saudi Arabia, facilitated by the Trump administration.[70] When not brokering colossal infrastructure funds with human-rights-violating regimes, Schwarzman launders his reputation through frequent philanthropic gifts: $100 million to the New York Public Library, $150 million to Yale, $200 million to Oxford, and $300 million to MIT, among others. Perhaps the philanthropic differences between elder and junior Schwartzman are not that far removed.

If the case against the Schwarzmans is at least a little muddy, the case against the Sacklers is crystal clear. The opioid epidemic has led to over half a million casualties in the United States since 1999, with countless others left in ruinous conditions. Purdue Pharma, the company that developed the prescription painkiller OxyContin, is widely held to be at the root of the crisis. Not only did it bribe doctors and aggressively market the medication to be overprescribed in low-income, suffering communities for illegitimate medical purposes, but it built an "empire of pain" with callous disregard, knowing it caused addiction and abuse.[71] Purdue Pharma dates back to 1892 and has been run by the Sackler family since 1952. OxyContin produced pervasive human misery, many lawsuits (most of which were settled out of court), and $35 billion of revenue. Mortimer Sackler used this wealth to pursue a life of art and philanthropy, plastering the Sackler name around the world on dozens of cultural institutions, such as the Metropolitan Museum of Art, Tate Gallery, and the Louvre, as well as universities, such as Harvard, Oxford, and Stanford. As with the Schwarzmans and the Ellisons, the younger generation sought its fame with a different kind of art.

Madeleine Sackler, a fourth-generation member of the dynasty, spends her ill-begotten inheritance directing documentaries, which are produced through her company Great Curve Films. *The Lottery* (2010) explored corruption and racism in the public education system, advocated a privatized charter school system, and received an Academy Award nomination. *Dangerous Acts Starring the Unstable Elements of Belarus* (2013), about a theater group's struggles under an authoritarian regime, aired on HBO and was awarded an Emmy. *It's a Hard Truth Ain't It* (2018), which involved Madeleine going to an Indiana prison over five years to interview inmates, was released alongside a fictional film, *O.G.* (2018), coproduced with George Clooney's company Smokehouse Pictures for HBO. OxyContin often led users into a vicious spiral: addiction, heroin, crime, and the oppressive war on drugs, with its reliance on racialized mass incarceration. Selling the drug that created addicts and then documenting the stories of addicts inside prison in order to win awards, Madeleine Sackler profited from the misery on both ends. In 2021, Purdue Pharma settled its many lawsuits by dissolving, under the condition that the family was absolved of liability. The fine they paid was but a small fraction of the wealth they made from OxyContin, leaving them among the richest families in the country. As a biographer of the family wrly remarked, "the only member of the Sackler family to spend any time in prison was . . . Madeleine."[72]

A seemingly less noxious philanthropist in Hollywood would be Jeffrey Skoll and his film company, Participant Media. At first glance, a catalog of explicitly progressive films is visible, particularly its many documentaries, including the influential climate change film *An Inconvenient Truth* (Davis Guggenheim, 2006), the dolphin hunting exposé *The Cove* (Louie Psihoyos, 2009), the NSA spying-scandal film *Citizenfour* (Laura Poitras, 2014), a devastating exploration of Indonesian genocide in *The Look of Silence* (Joshua Oppenheimer, 2015), and a trenchant critique of the Trump administration's handling of the pandemic, *Totally Under Control* (Alex Gibney, 2020). Participant's fictional offerings typically feature progressive politics as well, such as *Good Night, and Good Luck* (George Clooney, 2005), which tells the story of Edward R. Murrow's confrontation with Joseph McCarthy; *Beasts of No Nation* (Cary Fukunaga, 2015), concerning a child soldier in West Africa; *Spotlight* (Tom McCarthy, 2015), which dramatizes the *Boston Globe*'s investigation into systemic child sex abuse among Roman Catholic priests; and *Roma* (Alfonso Cuarón, 2018), a delicate chronicle of an Indigenous housekeeper's experience in Mexico City in 1970. These are the kinds of stories and subjects that Skoll set out to produce when he started Participant in 2004, after having made billions as the first employee and president of eBay at age thirty-three. Skoll is joined by nearly two dozen other "filmanthropists," listed in table 4.3, who amassed fortunes in tech, real estate, resources, or manufacturing, then cashed in their chips to pursue a genteel life of "changing the world" through film.

Participant Media is a fitting example of how social justice ideals are compromised, neutralized, and suppressed within the framework of plutocratic patronage. The stated mission of Participant is "to create entertainment that inspires and accelerates social change," or what's known in wealthy philanthropy circles as "filmanthropy."[73] Participant is a "social enterprise" premised on the "double bottom line": profits and social impact. Informed by the "social-entrepreneurship movement," Skoll aims to use business practices to solve social problems, a paradox for anyone even casually familiar with the way neoliberalism and market fundamentalism have deepened many social problems. But with over $3 billion in box office (shared among coproducers and distributors) and over eighteen hundred award nominations (including over seventy for Academy Awards), the business side of the double bottom line is certainly working as planned. Personally approving all scripts himself, Jeffrey Skoll's ego appears to be one of the company's objectives as well; upon the success of *An Inconvenient Truth*, Skoll claimed that "global warming was now part of the international conversation."[74]

As for the social impact side of the business, ethnographer Sherry Ortner provides a scathing critique of the company in her effectively titled article "Social Impact without Social Justice." Among other criticisms, Ortner demonstrates how four films were politically compromised: *An Inconvenient Truth* offered no structural, critical analysis of climate change and, instead of blaming the fossil fuel industries, blamed the American public; *Promised Land* (Gus Van Sant, 2012), a film about the dangers of fracking, completely avoided the politically heated issue of fracking in its social campaign, focusing on community development instead; *A Place at the Table* (Lori Silverbush and Kristi Jacobson, 2012), a film about hunger, partnered with an NGO funded by Walmart, whose low wages contribute to poverty and hunger; and *Last Call at the Oasis* (Jessica Yu, 2011), a film about the freshwater crisis, partnered with an NGO funded by Coca-Cola, one of the biggest producers of bottled water. The social action campaigns that Participant operates alongside each of its releases, designed to "amplify the impact" of each film, are of particular concern to Ortner, as they merely offer low-level, technocratic fixes, never challenging the status quo.

Similarly, Chuck Tyron analyzes Participant's use of the "transmedia documentary" in conjunction with social action websites and social media tools. Tyron finds the forms of activism imagined by Skoll and Participant to be "constrained by the possibilities offered by the available social media tools" and "limited to online forms of activity, such as signing and forwarding petitions, a kind of 'one-click' form of activism . . . rather than encouraging fuller forms of engagement."[75] Ortner argues that "the general point that emerges from analyzing these trends resembles the conclusions of critical studies of development and humanitarianism," as "the desires and efforts to do good on the part of billionaires and capitalist enterprises rarely succeed in accomplishing their goals, while often causing a lot of damage in the process, leaving a mess in their wake, or both."[76] What Ortner and Tyron argue here about Participant Media, I would tentatively extend to the entire category of billionaire boutiques, plutocratic patrons, independently wealthy film, and findies. The vast majority of the films produced by these companies are noticeably lacking in anything that challenges the hegemony of capitalism, the causes of our encroaching climate collapse, or the deep roots of any of our many escalating crises, including gendered and racialized injustice, structural wealth inequality, democratic decline, and mediated misinformation, among others. Many compelling films have been produced or distributed by the companies listed here, a few of them even quite radical, but the overall picture is one of limited political engagement with the crises we face.

The map I've sketched of the companies, owners, and products of financialized indie film is always going to be incomplete, as the nature of byzantine financial arrangements, offshore shell corporations, and non-disclosure agreements means we will only ever get brief glimpses inside this black box. The structural constraints imposed by escalating wealth and financial capital on independent filmmakers are difficult to prove in a direct manner, since there are no hedge fund managers breathing down the necks of aspiring writers, directors, and producers. But it doesn't take a screenwriter to imagine which pitches an heir to a great fortune is not going to be excited by, which projects are not going to be greenlit by a financial investment firm, and which stories are not going to be even written in such a stultifying climate.

CONTENT CATALOG AS INVESTMENT PORTFOLIO

Successfully creating a film or television series is rare enough, let alone retaining some sense of creative autonomy and radical vision; what happens to it afterward is often far outside the creator's control. Cultural producers "have to insure themselves against the risks of failure associated with cultural commodities," according to French media theorist Bernard Miège, and "the construction of a catalogue [is] the only way to spread the risks."[77] For this reason, film libraries have always been a lucrative asset for the Hollywood system, a history Eric Hoyt dates to the 1910s.[78] Unlike individual films and television series, which are a risky venture, content libraries are a reliable, diversified asset with long-term profit potential, no matter the pedigree or built-in audience. Private equity, consequently, has looked upon Hollywood libraries as robust investment opportunities. Again, Bain Capital was the pioneer in this strategy, acquiring LIVE Entertainment, a home video distributor, back in 1997. Later named Artisan Entertainment, it grew its library from twenty-five hundred titles to seven thousand through acquisitions of the rights of Hallmark Entertainment and Republic Entertainment, among others. It also added to its catalog by producing films like the smash hit *The Blair Witch Project* (Eduardo Sánchez and Daniel Myrick, 1999). Artisan's CEO, Amir Malin, has since formed Qualia Capital, which manages and advises on intellectual property asset portfolios, funding acquisitions such as the Rysher Entertainment, Gaylord, and Pandora libraries, with the backing of Canyon Capital Partners. As mentioned previously, the MGM acquisition by Providence, TPG, and others in 2004 demonstrates the limits of this investment approach, as the timing of that deal—just as DVD sales were peaking but too early for streaming video's rise—resulted in bankruptcy. Its eventual acquisition by Amazon for $8.5 billion in 2022, on the other hand, demonstrates the current value of content libraries.

In the years before the Great Recession, Wall Street capital flooded into Hollywood. Whereas the studios had typically relied on passive, revolving lines of credit from banks before, funds were now designed for PE firms, hedge funds, and investment banks to actively participate in financing smaller catalogs of films. An estimated $15 billion was pumped into "slate financing," in which a series of films (upwards of twenty-five) were produced from the same pool of capital, thereby diversifying the risk and return.[79] Former venture capitalist turned film financier Ryan Kavanaugh excelled in arranging these investment funds. Gun Hill I, for example, was the name of a $600 million fund for eleven Sony films and nine Universal films in 2006; one year later, Gun Hill II raised another $700 million for another twenty films.[80] Both funds were backed by Deutsche Bank and performed disastrously for investors. By 2007, every major studio had lined up PE backers for at least one slate. Kimberly Owczarski has detailed the use of slate financing by both Kavanaugh's Relativity Media and Legendary Pictures, considering the ways Wall Street finance allowed these minor studios the temporary ability to compete with the major studios.[81] Relativity ended in corruption, two instances of bankruptcy, and a new group of investors failing to resuscitate it, while Legendary was acquired by Chinese media giant Wanda—two more examples of the destructive and consolidating impact of Wall Street finance in Hollywood.

Another pernicious example is the case of Steven Mnuchin, a former Goldman Sachs trader and hedge fund manager who exploited the housing crisis and then used that money to enter Hollywood. The story begins with Mnuchin acquiring IndyMac, a mortgage-lending bank that had failed in 2008 and was seized by the U.S. Federal Deposit Insurance Corporation (FDIC). With a group of investors, Mnuchin renamed IndyMac OneWest Bank and then aggressively foreclosed on homeowners for profit, earning the accusation of "widespread misconduct" by the state attorney general's office for repeatedly breaking California's foreclosure laws and forging documents.[82] The investors put $1.5 billion into the bank and sold it for more than $3 billion five years later. Mnuchin then turned his vulture capitalist tendencies toward Hollywood. His financing firm Dune Entertainment invested in a catalog of more than seventy films with Fox starting in 2006, and another funding company, RatPac-Dune Entertainment, founded with producer-director Brett Ratner and billionaire James Packer in 2013, formed a seventy-five-picture deal with Warner Bros. Mnuchin has profited handsomely from such megahits as *Avatar* (James Cameron, 2009), *The LEGO Movie* (Chris Miller and Phil Lord, 2014), *American Sniper* (Clint Eastwood, 2014), *Batman v Superman: Dawn of Justice* (Zack Snyder, 2016), and *Suicide Squad* (David Ayer, 2016), as well as, appropriately, *Wall Street: Money Never Sleeps* (Oliver Stone, 2010). As secretary of the treasury under President Trump, Mnuchin turned to a far larger transfer of capital to the wealthy, helping orchestrate the $1.9 trillion Tax Cuts and Jobs Act. By 2027, the bill will actually raise taxes on most Americans, while 82 percent of the benefits will go to the top 1 percent.[83]

Mnuchin fared better in Hollywood than most; despite their sophisticated risk-management strategies, many financiers suffer when they encounter "Hollywood accounting," the dubious, byzantine math by which film financing is engineered asymmetrically so that individual films rarely achieve profit on paper yet the distributors still earn massive fees. Furthermore, the films offered up to slate-financing deals are often the riskiest ones studios have; they prefer to finance the reliable films themselves, particularly their franchises, and retain the bulk of that revenue. Compounding this difficulty, the credit crunch forced many financiers to pull out of these slate-financing deals in 2007 and 2008 and sell their Hollywood assets at a discount of up to 70 percent.[84] Most of these deals were considered failures, with investors losing hundreds of millions of dollars. Of course, every failure in the finance market just means another opportunity for some other alignment of capital.

Content Partners, for instance, was more than happy to buy these distressed investments. A financial boutique that acquires intellectual property, founded by two financiers who had worked for talent agencies, Content Partners began in 2006 as a sort of payday loan firm for profit participation. They would offer actors, directors, and producers a lump sum of cash in exchange for the revenues associated with the long-term release windows of syndication, physical media sales, and streaming rights. Backed by JPMorgan Chase, Carlyle, and other wealthy investors, Content Partners expanded into larger intellectual property assets, including the discounted slate-financing deals, as well as a 50 percent stake in CBS's lucrative *CSI* franchise (more than seven hundred episodes are on the air in over two hundred countries) for an estimated $400 million.[85] In 2017, Content Partners acquired Revolution Studios, itself a PE-owned production company and intellectual property management firm, having acquired the libraries of Morgan Creek International, Cold Spring Pictures, and OK Films.[86] By 2019, the aggregated investment portfolio of Content Partners had reached four hundred films and nearly three thousand hours of television.[87]

Unlike in 2004, when the MGM library proved overvalued, Content Partners' library is today proving a lucrative asset, easily exploitable in the gold-rush atmosphere of digital streaming distribution led by Netflix, Amazon, Hulu, Disney+, Max, Paramount+, Peacock, Apple TV+, and others. Diverse libraries are a crucial lure for attracting digital subscribers to streaming platforms; consequently, PE firms have been securing them as much as possible. In 2010, Disney sought to unload Miramax's famed indie library of over seven hundred films, which include almost three hundred Oscar nominees, among them *Pulp Fiction* (Quentin Tarantino, 1994), *There Will Be Blood* (Paul Thomas Anderson, 2007), and *No Country for Old Men* (Ethan Coen and Joel Coen, 2007). Tom Barrack, CEO of PE firm Colony Capital, along with investment from Tutor Perini, a construction magnate, acquired the library for nearly $700 million.[88] Colony Capital barely added any new productions to the library while it was owner; nevertheless, it was able to sell the library in 2016 to Qatar-based broadcaster BeIN Media Group and earn 3.5 times its equity investment, demonstrating the increasing value of content libraries.[89] In 2020, Paramount acquired a 49 percent stake in Miramax and exclusive global distribution rights to its library.

A series of smaller PE library deals have taken place since the rise of streaming as well. In 2011, the PE firm Vista Equity Partners invested in MarVista Entertainment, a production, distribution, and acquisition company with twenty-five hundred hours of film and television content. In 2015, the consortium Ambi Group, backed by PE firm Raven Capital Management, acquired the library of Exclusive Media Group, which contains approximately four hundred titles, including *Cruel Intentions* (Roger Kumble, 1999), *Memento* (Christopher Nolan, 2000), *The Mexican* (Gore Verbinski, 2001), *Donnie Darko* (Richard Kelly, 2001), and *The Ides of March* (George Clooney, 2011). To add value to the library, a film fund was also established to finance and produce mid-level, star-driven films, similar to the previously mentioned STX.

These catalogs pale in comparison to the size and scope of the catalogs held by the major Hollywood studios. Warner Bros., for example, holds one of the most extensive film libraries, with rights to more than 12,500 feature films that it monetizes across various release windows, including network television, cable, premium cable, OnDemand, DVD and Blu-ray, digital sales and rentals, and streaming platforms. A prolific producer of television since the 1950s, Warner Bros. owns some 2,400 television programs and 150,000 individual episodes. Combined with its film library, this amounted to 145,000 hours of programming in 2022.[90] The Warner Bros. catalog, now being utilized by the streaming service Max (as well as certain blockbuster films that embed hundreds of references to Warner Bros. properties, as we will witness in chapter 7), was a key asset motivating AT&T's acquisition of WarnerMedia. Due to hedge fund activism detailed in chapter 2, it was later spun off and merged with Discovery. Conglomerates with a historical connection to one of the three major broadcast networks also have comparable television catalogs. Comcast, for instance, inherited NBCUniversal's catalog, which includes the rights to one hundred thousand television episodes and five thousand films that fuel its Peacock streaming service.[91] The major film and television conglomerates are growing and consolidating their libraries as they transition to a streaming-based distribution system that is even more vertically integrated. The debt-financed work of private equity accelerates this consolidation.

FINANCING MEDIA CONSOLIDATION

The result of asset management firms, corporate venture capital, private equity, and financial engineering in Hollywood is a surge in the consolidation that has been transforming the media sector since the 1970s. Financialization is facilitating an increase in scale in a global marketplace and permitting big media companies to take on massive debt to enact mergers and acquisitions, as shown in

TABLE 4.4 Recent Mergers and Acquisitions in Hollywood

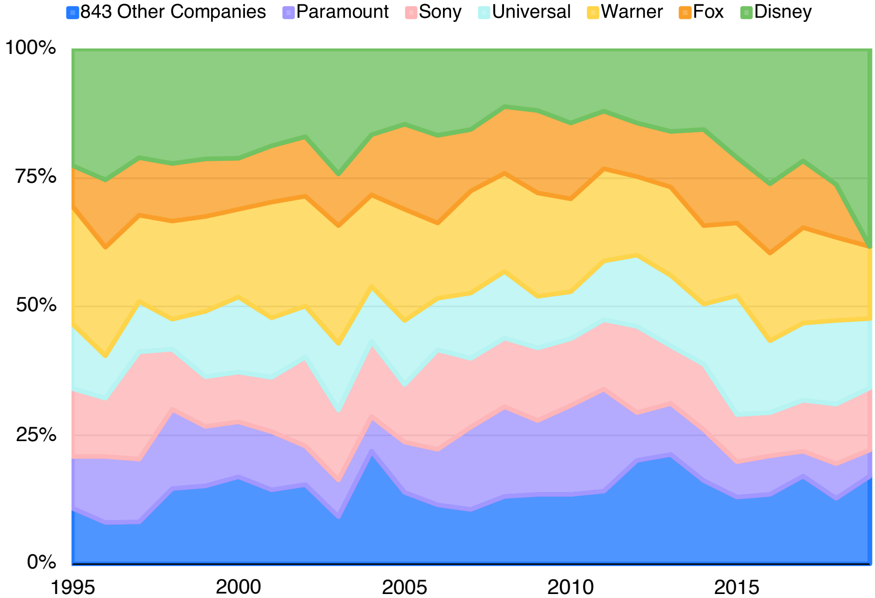
Year	Buyer/Investor	Target	Cost in billions USD
2004	General Electric	Universal	5.80
2006	Disney	Pixar	7.40
2009	Comcast	NBCUniversal	37.30
	Disney	Marvel	4.20
	William Morris	Endeavor	Unknown
2012	Dalian Wanda Group	AMC	2.60
	Disney	Lucasfilm	4.10
2015	AT&T	DirecTV	48.50
2016	AMC	Odeon Cinemas, UCI Cinemas	1.20
	AMC	Carmike Cinemas	1.20
	Comcast	Dreamworks Animation	3.80
	Dalian Wanda Group	Legendary	3.50
	Lionsgate	Starz	4.40
2018	AT&T	TimeWarner	85.40
	Cineworld	Regal	3.60
	Comcast	Sky	40.00
	Discovery	Scripps Networks	14.60
2019	Disney	Fox	71.30
2021	Discovery	WarnerMedia	43.00
2022	Univision	Televisa	4.80

DATA: *New York Times; Variety.*

table 4.4. Telecommunications companies have targeted content companies to expand beyond their traditional role as mere providers of network access, in such massive deals as Comcast's purchase of NBCUniversal and AT&T's acquisitions of DirecTV and Time Warner. Content companies, meanwhile, have sought out sources of intellectual property to expand content catalogs, as the sector transitions to streaming technology in which viewers privilege access over ownership. Media-industry historians have certainly written about mergers, acquisitions, and the broader issue of concentration of media ownership before, but we need to understand the increasingly financialized dimensions of this ownership better, especially its private equity aspects. The impact of PE's financial engineering on the cultural industries should not be underestimated; as Matthew Crain notes in an early look at this phenomenon, "private equity ownership exacerbates the ongoing evisceration of our media institutions."[92]

The concentration of ownership in Hollywood, hastened by the financial sector over the past fifteen years, is visible in the market share of total theatrical box

FIGURE 4.4. U.S. film box office market share, 1995–2019. Data: The-numbers.com (Opus Data).



office. Figure 4.4 represents the increased domination of the major studios in the financial era. The combined market share of all independent film distributors hovers around a mere 6–10 percent, while global blockbuster franchises propel Disney, Universal, and Warner Bros. to larger and larger shares. Since its acquisitions of Pixar, Lucasfilm, and Marvel, along with their lucrative intellectual properties, Disney has dramatically increased its market share; its acquisition of key Fox assets will see its market share approaching 40 percent and a clearly dominant position in the industry. The future imagined by David Mitchell in the novel *Cloud Atlas*, in which movies are just known as "disneys," might not be too far off.[93]

As it does elsewhere in the gilded economy, such consolidation results in stagnation, fewer jobs, reduced capacity, homogeneity, and higher prices. Total movie ticket sales are on a steady decline, although profits have been propped up by increasing ticket prices, particularly 3D and IMAX surcharges, as well as continued expansion into global markets, especially China. Hollywood is not yet the oligopoly of three (Universal, Warner, and Sony) that the recorded music industry has become, but if that industry's experience with private equity and financialization is any indication, further concentration and inequality in Hollywood is on the horizon.

Hollywood shares another parallel with the music industry in that a new streaming technology platform with considerable financial backing is transforming its distribution model. Just as Spotify is leading to a sea change in the economics and consumption patterns of recorded music, Netflix is pioneering a transition in the film and television industries. Unlike music, however, where the line between consumption (most streaming music listening occurs on Spotify, Apple Music, or Amazon Music) and catalog production (most popular musicians are signed to Universal, Warner, or Sony) is fairly distinct, resulting in minimal competition or innovation, the film and television industries are much more unsettled and the lines between production, distribution, exhibition, and consumption much more blurred.[94] Netflix has moved aggressively into this precarious situation, transitioning from a DVD delivery service into a global streaming video platform, content producer, and the belle of Wall Street. Crossing the one hundred million subscriber mark in 2017, then the two hundred million mark in 2021, Netflix shares rose 13,000 percent in its first fifteen years since its IPO in 2002, making for the second highest returns on the S&P 500.[95] Originally seen by Hollywood as just another release window, Netflix has become something of a "frenemy" to the legacy conglomerates: a valuable destination for licensing its wares, but also a threat to its dominance as Netflix moves into original content production. Hedging their bets, four of the major studios developed an important counterstrategy: their own streaming platform, Hulu.

With early investment from Providence Equity Partners, Hulu launched in 2007 and has grown into a formidable Netflix rival. Although it lacks Netflix's global footprint and has fewer subscribers, Hulu has quickly surpassed Netflix in an important long-term metric: catalog size. In addition to next-day availability of television shows from four of the five major networks, Hulu secured exclusive deals with Comedy Central, AMC, Bravo, E!, A&E, FX, Syfy, USA, Fox Sports, PBS, Nickelodeon, and Epix. As Netflix moved into original programming, so did Hulu, with high-profile, award-winning series. By 2016, Hulu could boast a catalog spanning more than 6,600 movies and nearly 3,600 television series, compared to Netflix's 4,500 and 2,400, respectively.[96] For Netflix, this catalog tally represents a drop by over 50 percent, from a high of roughly eleven thousand titles in 2012.[97] The company accounts for this drop by claiming it is focusing on original content production, but the reality is a proxy fight between traditional Hollywood, Netflix, and Wall Street.

Catalog size, which reflects the economics of distribution and licensing, is just one of the battlefronts between legacy Hollywood companies and Netflix; data is another crucial vector. Essential to Netflix's public image and branding strategy is the ability to mine its global consumption data to make content more appealing to target demographics and to fuel the personalized, algorithmic suggestions for users. But until Disney's recent purchase of Fox, leading to its majority ownership of Hulu, the latter was jointly owned by Disney, Fox, Comcast, and Time Warner. Though unacknowledged in the trade press, I confirmed with a Hulu executive in a personal conversation that each of its parent companies has access to its trove of data (a common feature of corporate venture capital relationships). With such an extensive catalog that spans many formats and demographics, the granular consumer data generated by Hulu gave an important advantage to these four Hollywood conglomerates. It also bound them together in their cold war with Netflix.

Around 2015, legacy media executives began to hint openly at a joint effort to limit Netflix's ascent. Time Warner CEO Jeff Bewkes argued against undercutting its own business "by having somebody else [Netflix] pay a fraction of the cost and create a better inventory on the various shows you yourself invented," while Discovery CEO David Zaslav proclaimed that "it's just not rational that . . . [we] have allowed [Netflix] to gain so much share and offer it without our brands."[98] FX president John Landgraf indicated a "concerted effort not to only sell to Netflix," and Fox CEO James Murdoch declared that "the business rules around how we sell to [subscription video-on-demand] providers is changing."[99] By this point, however, Netflix was expanding rapidly; its international expansion was in full force and its subscriber numbers and stock price climbed along with it.

This is not the first time legacy Hollywood companies have been challenged by new technology; as mentioned, Hollywood's history is one of initially resisting but eventually profiting from every technological advancement, from synchronized sound to television syndication to home video formats and into the digital age. Disney+, Max, and Peacock have now joined Hulu and CBS All Access (renamed Paramount+) as legacy Hollywood moves belatedly but aggressively into direct-to-customer (D2C) streaming distribution. History would suggest that streaming technology will be merely one more entertainment format that the Hollywood conglomerates eventually dominate, except this time, the challengers are well-funded by a financial sector that is chasing dwindling investment opportunities in a hollowed-out economy.

Looking for the next Facebook, Wall Street has rewarded Netflix's ability to rapidly grow its global subscriber base, ignoring its growing debt and comparative lack of earnings in the hopes of a future windfall. Amazon, similarly, received years of Wall Street investment despite a distinct lack of profits, using that coffer to increase scale and expand into a vast array of industries, including streaming media. According to JustWatch, a web service that aggregates what is available on each streaming service, Amazon Prime Video was offering nearly twenty-five thousand films and television series in 2019, a catalog that dwarfs both Hulu and Netflix. Along with Apple and Google, each a crucial interface for the digital consumption of film and television, this handful of tech stocks has come to be known as FAANG: Facebook, Amazon, Apple, Netflix, and Google. By the end of 2023, these five companies together held a market capitalization of $7.4 trillion, a value bigger than the gross domestic product of all but two countries; only the U.S. and China are bigger than FAANG.[100] However, total net income for the FAANG companies in 2023 was only $225 billion, a lot of which came from Apple's lucrative iPhone sales, so the massive market capitalization of FAANG is an extreme form of investor speculation.[101] Wall Street is literally banking on a future in which these five companies dominate and monopolize their respective industries, producing far more income to justify their valuation. Will traditional Hollywood conglomerates become mere content suppliers to these bigger tech titans, or will they be able to compete for customers on their own terms? Unfortunately for us as citizens, the terms of this competition are neither content nor culture, but mere financial extraction.

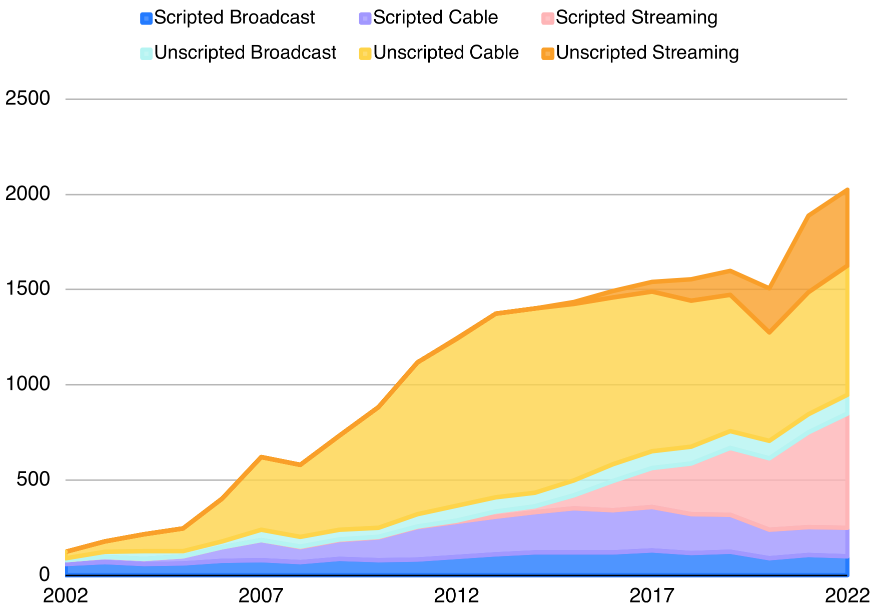
THE FUTURE OF FINANCIALIZED HOLLYWOOD

Caught up in this swirl of speculation, Hollywood faces an uncertain future. Its film industry is steady, but declining. The conglomerates have priced out most competition with ever-increasing budgets, global marketing campaigns, and the best-known intellectual properties. Television, however, is in flux and subject to transformation. There is a confluence of trends moving in opposite directions that suggests, at best, a volatile, competitive market and, at worst, a bubble ready to burst. Both cable television channels and scripted television productions have dramatically expanded in the past decade, which FX president John Landgraf famously coined "Peak TV."[102] One might assume that if supply is being increased so acutely, demand must be growing as well, but "cord-cutting"—in which pricey cable and satellite television subscriptions (averaging over a hundred dollars a month) are exchanged for more affordable video-on-demand internet services (averaging ten to fifteen dollars a month) or free, over-the-air broadcast television—continues to accelerate, reaching nearly 10 percent annual decline in 2022.[103] Furthermore, streaming services face increasing "churn," which refers to the easy canceling and adding of services at the customer's convenience, as opposed to cable/satellite television, which made that much more difficult.

The other key revenue source in the television ecosystem is advertising sales, which peaked in 2016 and are projected to decline at least 2 percent a year.[104] Advertising dollars are increasingly diverted away from traditional media formats such as television and newspapers and into Google and Facebook. This "digital duopoly" accounted for 75 percent of all new online ad spending in 2015—nearly 60 percent of the digital market—and surpassed the television advertising market in 2017.[105] Furthermore, overall employment in the broadcasting industries is declining while expenses are rising. With fewer cable subscriptions, declining advertising dollars, and increased expenses, one would expect the television industry to be facing "Valley TV" or "Nadir TV" rather than "Peak TV." The only explanation is a speculative tidal wave funded by Wall Street, wherein investors are escalating production and distribution, hoping that they will have placed their bets on the right configuration of culture and content.

In 2022, amid macroeconomic headwinds (a market correction, interest rates rising, and Wall Street investors demanding profits), the media business had its worst year in three decades. Shares in the largest U.S. media companies fell by

FIGURE 4.5. Numbers of television series in the United States by type and year, 2002–2022. Data: Variety VIP+; Ball, 2023.



more than 50 percent over the year, led by Warner Bros. Discovery's 61 percent drop and Netflix's 58 percent fall.[106] The broader market has not fallen as deep; industry analysts suggest investors are finally doubting that the rise of streaming will replace the decline of cable and satellite TV. Layoffs, hiring freezes, and cost cutting are rampant. James Dolan, executive chairman of AMC Networks, upon announcing large-scale layoffs in late 2022, offered this blunt assessment: "It was our belief that cord-cutting losses would be offset by gains in streaming. This has not been the case . . . [and] the mechanisms for the monetization of content are in disarray."[107]

Further turmoil arrived in 2023 with the aforementioned WGA and SAG-AFTRA strike. While the writers and actors successfully negotiated better terms for their contracts, it remains to be seen what the long-term fallout will be; if the writer's strike in 2007–8 is any indication, the studios will respond by exploring more ways to avoid the unions altogether. As figure 4.5 demonstrates, the writer's strike was an inflection point for Hollywood's turn toward reality and unscripted programming, which typically avoids the involvement of the WGA or SAG-AFTRA. Will generative AI be the new antiunion, labor-suppression tool? Will investors and analysts on Wall Street finally balk at the cost structure of streaming? Is further consolidation on the horizon? Are there any unmined pieces of IP left to craft more derivative media? Cracks in the system are widening and spreading, on screen and on set. A decade ago, number one movies comprised roughly 30 percent of the market share of total ticket sales; by 2022, it crossed 50 percent for the first time, yet another sign of widening inequality.[108] As one of the world's most successful financiers, Warren Buffett, once said, "you only find out who is swimming naked when the tide goes out."[109] In this case, when the tide goes out, as it must in our financialized, bubble-driven economy, it will be the operating capacity, diversity, and talent of the U.S. film and television industries that are left vulnerable during the next recession.