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Mergers and Acquisitions

Sinclair-Tribune Could Drag on as Justice Dept. Seeks More Info

Sinclair Broadcast Group Inc. and Tribune Media Co.'s merger is poised for more delay after the companies received a request for more information from the Justice Department, according to an Aug. 3 filing.

The second request, which the companies received on Aug. 2, signals that regulators are taking the potential market effects of the merger seriously, and it also means the review could extend for months and possibly into next year. Sinclair President Christopher S. Ripley said in an Aug. 2 shareholder earnings call that he expects the deal to close by the end of the year.

The DOJ's focus on mergers of this type is relatively narrow, analyzing market impacts and not questions about programming or content. But the merger would still signal major consolidation in broadcast media.

Ripley told shareholders that broadcasters should embrace such consolidation. "We think the industry needs to consolidate to two or three large broadcasters, and really just one to two strong local players in each market," he said on the earnings call.

Sinclair previously has said it might sell some stations in areas where the two companies most directly compete to comply with demands of regulators. But the DOJ's second request indicates regulators might think those proposed sales don't go far enough to mitigate anticompetitive market effects.

The second request is an optional step by regulators that requires companies to provide additional data and documents about their businesses. A second request means that the merger will undergo a more rigorous review by the Justice Department that could last months. Some companies wait for a year for clearance after receiving a second request.

Companies must notify regulators about pending mergers under the Hart-Scott-Rodino Antitrust Improvements Act, which gives the government 30 days to approve the merger or seek more information. There is no time limit on merger approvals after a second request is issued.

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