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Daily Business Briefing

- ## Producer of ‘The Matrix Resurrections’ sues Warner Bros. over how the film was released.

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4,346.08	33,739.39	13,560.68
+1.34%	+1.55%	+0.65%

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Producer of ‘The Matrix Resurrections’ sues Warner Bros. over how the film was released.

“The Matrix Resurrections” earned only $37 million at the domestic box office, the lowest result of any of the films in the “Matrix” series. Warner Bros. Pictures, via Associated Press

By Nicole Sperling

The film production and financing company Village Roadshow filed a lawsuit on Monday against Warner Bros. Entertainment, a longtime partner, saying the studio engaged in “deliberate and consistent coordinated efforts” to reduce the value of Village Roadshow’s intellectual property by releasing “The Matrix Resurrections” simultaneously in theaters and on the streaming service HBO Max.

The complaint, which was filed in Los Angeles Superior Court, alleges that Warner Bros. used the pandemic as an excuse for the simultaneous release of the film in December. The suit claims Warner Bros. rushed the release of the movie, instead of letting it debut in 2022, to help boost HBO Max subscriptions, a revenue stream Village Roadshow doesn’t share in. WarnerMedia, the conglomerate that owns Warner Bros. and HBO Max, released all of its movies in 2021 simultaneously in theaters and on its streaming platform.

“The Matrix Resurrections” earned only $37 million at the domestic box office, the lowest result of any of the films in the “Matrix” series. Last month, WarnerMedia’s parent company, AT&T, said that HBO and HBO Max had ended 2021 with 73.8 million combined subscribers, beating projections.

The complaint also claims that Warner Bros. had attempted to deprive Village Roadshow of its contractual rights in other ways, specifically by cutting it out of productions that were based on shared intellectual property.

Over the past 25 years, Village Roadshow has paid Warner Bros. more than $4.5 billion to produce and distribute 91 films, and the two co-own intellectual property rights to movies such as “The Joker,” “Charlie and the Chocolate Factory” and “Edge of Tomorrow.”

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Amazon doubles its cap on base salaries for corporate employees.

Amazon, which is based in Seattle, has long favored stock compensation that vests over several years. Grant Hindsley for The New York Times

By Karen Weise

Amazon has told its corporate employees that it is raising its cap on base cash compensation to $350,000, more than double the previous amount, citing "a particularly competitive labor market," according to an internal announcement viewed by The New York Times.

Amazon previously capped its pay for tech and corporate employees at $160,000 in most parts of the United States, favoring stock compensation that vests over several years for the rest of an employee's pay package. Despite strong earnings announced last week, Amazon's stock is down more than 4 percent over the past year.

The company did not say if the increased cash compensation would be paired with lower stock awards. It told employees that it was increasing the overall compensation ranges for "most jobs globally, and the increases are much more considerable than we have done in the past."

The compensation increases were only for salaried corporate and tech workers, not the hourly workers who power Amazon's operations. Those employees earn an average of about $18 an hour.

Amazon confirmed the note but declined to comment further.

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A Democrat takes over the F.D.I.C. after a partisan clash.

Martin J. Gruenberg, right, is now the acting chairman of the Federal Deposit Insurance Corporation. Alex Wong/Getty Images

By Lananh Nguyen

A Democratic bank regulator, Martin J. Gruenberg, has taken the helm at the Federal Deposit Insurance Corporation after a partisan fight prompted his Republican predecessor to resign.

Mr. Gruenberg became acting chairman of the F.D.I.C. on Saturday after Jelena McWilliams, who was appointed chairman by President Donald J. Trump, stepped down a day earlier.

In a statement laying out policy focuses for the year ahead, Mr. Gruenberg said regulators should carry out a review of bank mergers — the issue that prompted Ms. McWilliams's exit. The F.D.I.C. is chiefly known for backing consumer deposits but has a hand in overseeing all of the nation's banks.

"The F.D.I.C.'s core mission is to maintain stability and public confidence in the U.S. financial system," Mr. Gruenberg wrote. To that end, he said its key priorities would be: reviewing the process of bank mergers, revising the Community Reinvestment Act, addressing the financial risks posed by climate change, providing guidance to banks around managing cryptocurrency assets and finalizing capital rules for banks that were introduced after the 2008 financial crisis.

In December, three Democratic members of the regulator's board — Mr. Gruenberg, a longtime member; Rohit Chopra, the director of the Consumer Financial Protection Bureau; and Michael J. Hsu, the acting comptroller of the currency — voted over email to request public comment on the issue of bank mergers. Ms. McWilliams blocked those efforts, accusing other board members of trying a "hostile takeover" to wrest control from the head of an agency.

Senators ask JPMorgan Chase for details on ‘predatory’ robo-signing practices.

By Lananh Nguyen

Democrats on the Senate Banking Committee have asked JPMorgan Chase for information about its credit card debt-collection practices after a published report detailed an increase in lawsuits by the bank against its customers.

Legislators want to know if JPMorgan is again engaging in so-called robo-signing, a practice in which legal documents are reviewed and signed by employees who have little knowledge about the cases. The senators sent a letter on Monday to the bank’s chief executive, Jamie Dimon, asking for a response by Feb. 21.

JPMorgan was penalized for the practice before. In 2015, the company was punished by the Consumer Financial Protection Bureau and ordered to pay $216 million in refunds and fines for illegally robo-signing court documents and selling bad credit card debt to third-party buyers. The bank was also ordered to permanently stop collections on more than 528,000 accounts and overhaul its practices.

“We are deeply troubled by recent reports that JPMorgan Chase — the nation’s largest bank with over $3.2 trillion in assets — has renewed its predatory practice of robo-signing purported evidence of credit card debt to sue customers during the pandemic,” wrote the six senators, including Sherrod Brown of Ohio, the Banking Committee’s chairman. The senators were referring to a Jan. 5 article, by ProPublica and The Capitol Forum, that tracked an increase in lawsuits filed by JPMorgan against customers in Florida, New York and Texas.

Tom Kelly, a spokesman for the bank, said its specialists reviewed routine affidavits for an average of 30 minutes to ensure their accuracy before they were filed in court. The company also informed regulators before it resumed lawsuits against customers in 2019, he said.

“Litigation is always a very last resort for customers who are severely delinquent, generally had a high balance and haven’t agreed to resolve the debt,” Mr. Kelly said.

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The U.S. and Japan strike a deal to roll back Trump-era steel tariffs.

The Nippon Steel plant in Kashima, Japan, in 2018. The Biden administration announced a deal that would allow up to 1.2 million tons of Japanese steel into the U.S. duty-free each year. Tomohiro Ohsumi/Bloomberg

By Ana Swanson

WASHINGTON — The Biden administration reached a deal to partly lift tariffs that the Trump administration had imposed on Japanese steel, agreeing to scale back levies that had rankled both the Japanese government and American manufacturers that use imported metal.

The agreement, which U.S. trade officials announced on Monday, will maintain some protections for American metal makers by transforming the current 25 percent tariff on Japanese steel into a so-called tariff-rate quota, an arrangement in which higher levels of imports are met with higher duties. Up to 1.25 million metric tons of Japanese steel will be allowed to come into the country duty-free each year, with volumes above that level subject to a 25 percent tariff.

That level is the average of Japanese steel exports to the United States in 2018 and 2019, a Biden administration official said. The arrangement is set to take effect April 1.

The deal will place restrictions on products that are finished in Japan using steel from other countries. To qualify for duty-free treatment, steel products must be entirely made in Japan, to ensure the agreement is not providing a back door to the United States for cheap metal from China and other countries.

The official said the countries would continue to negotiate over Japan's steps to reduce excess capacity in its steel sector, as well as to lower the carbon emissions generated by the steel industry, which was a focus of a United States steel agreement with the European Union in October. European steel has been able to enter the United States duty free since Jan. 1.

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Spotify stands by Joe Rogan: 'Canceling voices is a slippery slope.'

Joe Rogan made the decision to remove dozens of older episodes of his podcast after meeting with Spotify executives and after "his own reflections," the company's chief executive wrote in a memo. Gregory Payan/Associated Press

By Ben Sisario

Spotify is not canceling Joe Rogan.

Two weeks into an evolving and far-reaching controversy over its star podcaster, who has been accused of spreading misinformation about the coronavirus, and condemned for his past use of a racial slur, Spotify has faced growing pressure to take a stronger stance about the podcasts it hosts.

But in a memo to employees over the weekend, Daniel Ek, the company's chief executive, discussed the recent removal of a number of episodes and made it clear that it would not drop Rogan's show, "The Joe Rogan Experience." That show has been exclusive to Spotify since 2020, when the company made a licensing deal with Rogan that has been reported to be worth $100 million or more.

"I do not believe that silencing Joe is the answer," Ek wrote in the memo, which Spotify provided to The New York Times. "We should have clear lines around content and take action when they are crossed, but canceling voices is a slippery slope."

Ek also confirmed that Spotify recently removed dozens of episodes of "The Joe Rogan Experience" after a compilation video was shared online by the singer India.Arie showing Rogan repeatedly using a racial slur on his show. In a video over the weekend, Rogan apologized and called it "the most regretful and shameful thing that I've ever had to talk about publicly," though he also said that at the times he made those comments — over 12 years of his podcast, Rogan said — he had believed that they were acceptable in context. Many commentators found that apology insufficient.

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Tesla faces renewed scrutiny over racial bias and Elon Musk’s tweets.

Elon Musk, the chief executive of Tesla, was sued in 2018 after he said on Twitter that he had “funding secured” to take Tesla private at $420 a share. Patrick Pleul/Pool via Reuters

By Neal E. Boudette

Tesla is facing fresh scrutiny from federal and state regulators about its chief executive’s social media posts and allegations of discrimination at its California factory, the company revealed in a securities filing that was made public on Monday.

The electric carmaker said in its annual report that it received a subpoena late last year from the Securities and Exchange Commission requesting information about how the company was complying with a settlement with the commission that requires a lawyer to vet written statements by its top executive, Elon Musk. Tesla also said the California Department of Fair Employment and Housing said last month that the agency had concluded that it had “grounds to file a civil complaint against Tesla.”

The S.E.C. subpoena, which was sent to Tesla on Nov. 16, concerns a long-running dispute. The commission sued Mr. Musk in 2018 after he said on Twitter that he had “funding secured” to take Tesla private at $420 a share, when that plan was still in its infancy. Mr. Musk settled the case by giving up his title as chairman, and Tesla agreed to have a lawyer approve any written statement he made about the company that might contain material information.

The settlement was amended in 2019 after the commission sought to hold him in contempt of court for discussing Tesla’s production outlook on Twitter without running the statements by a lawyer first. The new agreement listed matters Mr. Musk was not to speak about without approval, including Tesla’s financial condition, earnings forecast, proposed acquisitions and production data.

“More recently, on Nov. 16, 2021, the S.E.C. issued a subpoena to us seeking information on our governance processes around compliance with the S.E.C. settlement, as amended,” the company said in the annual report.

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Fannie Mae promises better care for foreclosed houses in Black and Hispanic communities.

The interior of a foreclosed house owned by Fannie Mae in Phoenix in 2011 was damaged by vandals. Joshua Lott for The New York Times

By Matthew Goldstein

Fannie Mae, the government-backed mortgage finance firm, has agreed to reform its procedures for maintaining foreclosed homes it acquires in communities with large Black and Hispanic populations.

A settlement announced Monday with a group of fair-housing organizations resolved a six-year-old federal lawsuit that accused Fannie of providing better upkeep to foreclosed homes in predominately white neighborhoods. The National Fair Housing Alliance and other groups claimed that Fannie let homes it owned in 39 metropolitan areas with large Black and Hispanic populations fall into disrepair.

The lawsuit arose from a four-year investigation by the housing groups into the differing treatment Fannie gave to homes it had taken possession of after the 2007-8 financial crisis. Fannie Mae took control of hundreds of thousands of foreclosed homes across the country after the housing market collapsed.

The settlement also calls for Fannie to pay $53 million in damages to the fair housing organizations, which said the money would be used in affected communities to renovate properties and provide first-time buyers with down payment assistance so they can secure mortgages.

“As a result of our efforts, Fannie Mae has implemented practices that we believe represent the gold standard for maintaining and marketing foreclosed homes equitably,” Lisa Rice, president of the National Fair Housing Alliance, said in a statement. The groups have sued several big banks as well.

Peter Bakel, a Fannie Mae spokesman, said the settlement resolved “legacy allegations” against the mortgage finance firm.

“Fannie Mae takes the maintenance of all its properties very seriously,” Mr. Bakel said. “We require the same property maintenance standards in all neighborhoods regardless of race or ethnic composition and conduct independent third-party quality control reviews of vendors hired to do this work.”

As part of the settlement, Fannie Mae agreed to increase its oversight of the maintenance of the foreclosed homes it owns and give priority to homeowners over investors when selling so-called real estate owned, or R.E.O., properties.

Fannie Mae has been pushed to change its practices for such properties before. Several years ago, the Federal Housing Finance Agency, which regulates Fannie, limited the ability of the mortgage finance firm to sell foreclosed homes to investors who wanted contract-for-deed deals. Those deals are sometimes predatory arrangements that promise lower-income people the opportunity to become homeowners without obtaining a traditional mortgage.

The F.H.F.A. imposed the limitation in response to criticism from housing advocates who said Fannie had sold thousands of foreclosed homes to several contract-for-deed investment firms after the financial crisis.

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Frontier and Spirit Airlines announce plans to merge.

A hawk skirting the wing of a Spirit Airlines plane at Tampa International Airport in January. A merger with Frontier Airlines is expected to close in the second half of the year. Douglas R. Clifford/Tampa Bay Times, via Associated Press

By Niraj Chokshi

Spirit Airlines and Frontier Airlines, two prominent budget carriers, on Monday announced plans to merge, a combination that would create the fifth-largest U.S. airline by market share, putting pressure on the nation's biggest carriers and raising concerns about further consolidation in an already-concentrated industry.

The airlines, which offer 1,000 daily flights serving destinations in the United States, the Caribbean and Latin America, said in a statement that the merger would save consumers $1 billion annually, and that the airlines would not lay off employees because of it. They also said they expected to hire 10,000 workers by 2026 to add to their current combined total of 15,000.

The deal could face pushback from the Biden administration, which has increasingly challenged such mergers and partnerships in court. In the fall, the Justice Department sued to prevent a domestic alliance between American Airlines and JetBlue Airways, arguing that the agreement would drive up prices and reduce competition.

The U.S. airline industry has undergone a tremendous amount of consolidation over the past two decades, with the nation's four largest airlines controlling about 80 percent of the domestic market. Spirit and Frontier argue that the merger would allow them to better challenge those large carriers. But a deal would also create a giant budget airline that could smother smaller companies, including two recent entrants, Breeze and Avelo.

"We basically have a four-firm oligopoly," said Diana Moss, the president of the American Antitrust Institute, a left-leaning think tank and competition-law advocacy group. "Having this fringe of smaller carriers breathing down their necks is really the only thing left that keeps the Big Four on their toes."

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The market's volatility bleeds into after-hours trading.

U.S. stock markets are open from 9:30 a.m. to 4 p.m., but traders can buy and sell on various electronic trading networks at any hour. Justin Lane/EPA, via Shutterstock

By Stephen Gandel

Peloton's soaring share price after markets closed on Friday was just one of several huge after-hours moves in recent days. Others included Facebook's 22 percent plunge and Amazon's 17 percent rise. What's going on?

U.S. stock markets are officially open from 9:30 a.m. to 4 p.m. Eastern. But traders can buy and sell on various electronic trading networks at any hour. Given lower volumes, trading can be more volatile when markets are closed, the DealBook newsletter reports.

Recently, after-hours swings have been getting even bigger: This year, the stock market as a whole has moved an average of 0.6 percent daily in off-hour trading, up from 0.4 percent in 2021, according to a New York Times analysis.

"Saying 'liquidity has dried up' in after-hours trading is a bit like saying the desert is dry or ice is slippery," Justin Schack, a managing director at Rosenblatt Securities. "There isn't much liquidity outside regular market hours to begin with, so there tends to be a lot more volatility after-hours as a general rule."

Some of the after-hours volatility reflects the state of economic uncertainty. After all, volatility during regular market hours is up as well. A mix of rising inflation and slowing profits, along with the lingering effects of the pandemic, has unsettled markets in recent weeks.

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President Biden adopts steps for promoting union membership.

President Biden last week signed an executive order requiring wage agreements between labor unions and contractors on federal construction projects worth more than $35 million. Sarahbeth Maney/The New York Times

By Noam Scheiber

The White House on Monday released a report outlining several dozen steps it intends to take to promote union membership and collective bargaining among both public and private sector employees.

The report is the product of a task force that President Biden created through an executive order in April. A White House statement said the president had accepted the task force's nearly 70 recommendations.

Many of the steps would make it easier for federal workers and employees of contractors to unionize, including ensuring that union organizers have access to employees on federal property, which does not always happen today.

The report also recommends creating preferences in federal grant and loan programs for employers who have strong labor standards, preventing employers from spending federal contract money on anti-union campaigns and making employees aware of their organizing rights.

When the task force was created, some White House officials indicated that they supported considering labor union membership as a factor in awarding government contracts, but the task force recommendations generally did not emphasize this approach.

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A new inflation figure and Twitter earnings: the week ahead in business.

Economists expect that prices in January rose about 7.3 percent from a year earlier. George Etheredge for The New York Times

By Coral Murphy Marcos

Tuesday

- **Pfizer earnings:** The pharmaceutical giant will publish its quarterly financial report for the three months ending in December. Investors will be watching for updates on Pfizer's revenue and production expectations for Paxlovid, the company's oral antiviral pill for Covid-19, as well as for its coronavirus vaccine.

- **Trade deficit report:** The Commerce Department is set to publish data on the nation's international trade deficit. Economists will get a better understanding of how congestion at ports and warehouses, which has caused delays in global shipping, is curbing economic growth.

Wednesday

- **Disney earnings:** Investors will be watching to get a better idea of subscriber growth at the end of last year for the Disney+ streaming service, which did not grow as quickly as expected in the fall. Netflix said in January that it expected a slowdown in subscriber growth for 2022.

- **Uber earnings:** Uber's investment in the Chinese company Didi has hampered its bottom line amid China's crackdown on big tech companies. Still, revenue in the last three months of 2021 is expected to be higher than it was a year earlier, as people spent more time out and businesses continued to reopen.

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Stocks drift lower ahead of more earnings reports and a key inflation update.

By Coral Murphy Marcos

Data delayed at least 15 minutes • Source: FactSet • By: Ella Koeze

Stocks on Wall Street fell on Monday. The S&P 500 fell 0.4 percent, after gaining 1.6 percent last week. The Nasdaq composite was 0.6 percent lower.

Investors are closely monitoring how companies are performing ahead of several interest rate increases expected from the Federal Reserve as it pulls back on its accommodative monetary policy to cool down inflation. Twitter, Uber and the Walt Disney Company will report their earnings for the last three months of the year this week.

On Thursday, the Labor Department will update its measure of consumer prices. The Consumer Price Index is expected to have climbed about 7.3 percent in January, from a year earlier.

Spirit Airlines rose 17.2 percent on Monday following an announcement that Frontier Airlines plans to buy the company for $2.9 billion in stock and cash. Frontier climbed about 3.5 percent.

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