

ONE HUNDRED EIGHTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON THE JUDICIARY

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May 7, 2024

Mr. Greg Maffei
President & Chief Executive Officer
Liberty Media Corporation
12300 Liberty Blvd.
Englewood, CO 80112

Mr. Stefano Domenicali
President & Chief Executive Officer
Formula One Group
No. 2 St. James's Market
London, United Kingdom SW1Y 4AH

Dear Mr. Maffei and Mr. Domenicali:

The Committee on the Judiciary is responsible for examining the sufficiency of federal competition laws to protect against monopolies and other unfair restraints on trade.¹ Sports leagues, like Formula One, operate in a notable area of antitrust law in which some degree of collusion is necessary for the creation of the product.² However, when a sports league deviates from its rules and practices in a manner that reduces competition and depresses consumer interest in the product, the collusion may amount to anticompetitive conduct. Accordingly, we write to request information about Formula One's decision to block the partnership of Andretti Global and General Motors (Andretti Cadillac).³

On October 2, 2023, the Fédération Internationale de l'Automobile (FIA), the governing body for Formula One, approved Andretti Cadillac's application to enter Formula One.⁴ The commercial agreement governing Formula One and its participant teams, known as the Concorde Agreement, allows for the entry of two additional teams if each new entrant is approved by the

¹ Rules of the U.S. House of Representatives, R. X (2023).

² See Leah Farzin, *On the Antitrust Exemption for Professional Sports in the United States and Europe*, 75 JEFFERY S. MOORAD SPORTS L. J. (2015); National Collegiate Athletic Assn. v. Alston, 141 S. Ct. 2141, 2156 (2021).

³ Jenna Fryer, *Formula One Rejects Michael Andretti's Bid to Join Series, Will Reconsider When GM Has Engine Built*, AP (Jan. 31, 2024).

⁴ Press Release, Fédération Internationale de l'Automobile, FIA Approves Andretti Formula Racing Applications After Rigorous Analysis (Oct. 2, 2023).

FIA and pays a \$200 million fee.⁵ Of the four teams that applied to join Formula One, Andretti Cadillac was the only team approved by the FIA after a “comprehensive” and “stringent” process.⁶ FIA analyzed Andretti Cadillac’s “sporting and technical ability,” the team’s ability “to raise and maintain sufficient funding” to participate at a competitive level, and the team’s experience and human resources.⁷ Both Andretti Global and General Motors invested significant resources for FIA approval under the belief that the entry process would be clear and fair.⁸

On January 31, 2024, however, Formula One abruptly rejected Andretti Cadillac’s entry into Formula One.⁹ The excuses put forward for denying Andretti Cadillac’s entry appear to be pretextual, arbitrary, and unrelated to Andretti Cadillac’s suitability to compete in Formula One.¹⁰ For example, Formula One alleged that a new team could only add value to Formula One by “competing for podiums and race wins.”¹¹ However, the FIA had already analyzed—and approved of—the technical capabilities of Andretti Cadillac to compete among current teams, and most current teams in Formula One do not meet Formula One’s standard of regularly competing for “podiums and race wins.”¹²

Formula One also faulted Andretti Cadillac for attempting to use an existing engine manufacturer because it could “be damaging to the prestige and standing of” Formula One.¹³ At the same time, however, Formula One stated that if Andretti Cadillac used a new engine manufactured by General Motors in the team’s first year, a new engine would create a challenge for the new team.¹⁴ Formula One cannot have it both ways.

The truth, as FIA President Muhamed Ben Sulayem explained, is that the rejection of Andretti Cadillac is “all about money.”¹⁵ The Concorde Agreement is set to expire at the end of 2025,¹⁶ and reports indicate that a new agreement will include a much higher entry price tag or a

⁵ Scott Mitchell-Malm, *F1 Teams Pushing for Massive Hike to \$200M New Entry Fee*, THE RACE (Jan 11, 2023).

⁶ Press Release, *supra* note 4. See also Luke Smith, *Breaking Down Andretti’s Uphill Battle To Join the F1 Grid: It is About the Money*, THE ATHLETIC (Oct. 10, 2023).

⁷ Press Release, *supra* note 4.

⁸ Adam Cooper, *Andretti Still Working Towards 2025 F1 Debut as Tunnel Model Revealed*, MOTORSPORT (Feb 4, 2024).

⁹ Adam Cooper, *Andretti “Strongly Disagrees” with F1 Statement on Rejected Entry*, MOTORSPORT (Feb 1, 2024).

¹⁰ See generally *The Race, F1 Podcast, What the Andretti Rejection Means for F1* (Feb. 3, 2024).

¹¹ *Full Statement: F1’s Decision to Reject Andretti’s Entry Bid for 2025*, MOTORSPORT (Jan 31, 2024).

¹² Formula One’s world championship currently lacks any serious competition, with the same team winning 84% of the races from 2022 to 2024. Red Bull won 4 of 6 races thus far in 2024, 21 of 22 races in 2023 and 17 of 22 races in 2022. In addition, the same teams have consistently been among the lowest performing teams in Formula 1. See *Constructor Standings, F1*, available at <https://www.formula1.com/en/results.html/2023/team.html> (results available by year). Most drivers do not seriously compete for podiums on a regular basis but at best compete for the points given to the finishers in fourth to tenth place. See Jonathan Noble, *F1’s New Points System on Course to Get Support it Needs*, MOTORSPORT (Apr. 23, 2024).

¹³ See *Full Statement*, *supra* note 11.

¹⁴ *Id.*

¹⁵ See Luke Smith, *supra* note 6.

¹⁶ Dan Lawrence, *F1 Seeking 10-Team Limit in new Concorde Agreement – Report*, MOTORSPORT WEEK (Apr. 7, 2024).

total ban on new entry.¹⁷ In addition, as one team owner explained in his opposition to Andretti Cadillac's entry, many of the uncompetitive teams are "not financially stable."¹⁸ Weak teams want to be protected from competition to the detriment of consumers and an additional team would compete for prize money and sponsorships.¹⁹

If Formula One must hinder competition and harm consumers to protect failing competitors, then the entire Formula One model may be broken and the entity cannot hide behind the necessity of a sports league to pursue anticompetitive conduct. Delaying Andretti Cadillac's entry into Formula One for even one year will harm American consumers to benefit failing Formula One teams. Limiting the number of teams in Formula One will increase the price of sponsoring or buying into an existing Formula One team.²⁰ As the Committee examines this matter and considers potential legislation around the structure and competition of sports leagues, we write to request a staff-level briefing on the decision to deny Andretti Cadillac's application to join Formula One. In addition, we ask that you please provide the following information:

1. All documents and communications referring or relating to the process for evaluating the entry of new teams into Formula One;
2. All documents and communications referring or relating to entry of Andretti Global into Formula One;
3. All documents and communications referring or relating to the January 31, 2024, decision to exclude Andretti Global from Formula One;
4. All documents and communications between or among Formula One Group or Liberty Media and the ten current Formula One teams referring or relating to the entry of a new team or teams into Formula One; and
5. All documents and communications referring or relating to the entrance fee or dilution fee in the current Concorde Agreement and possible changes to the entrance fee or dilution fee in a future Concorde Agreement.

Please schedule the briefing as soon as possible but no later than 5:00 p.m. on May 21, 2024.

¹⁷ *Id.*

¹⁸ See Luke Smith, *supra* note 6.

¹⁹ *Id.*

²⁰ See Hannah Elliot & Christine Burke, *McLaren Racing Sees Every F1 Team Worth More than £1 Billion*, BLOOMBERG LAW (Mar. 7, 2024).

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The Committee on the Judiciary is authorized by Rule X of the Rules of the House of Representatives to conduct oversight of and legislate on matters relating to the “[p]rotection of trade and commerce against unlawful restraints and monopolies.”²¹ If you have any questions about this matter please contact Committee staff at (202) 225-6906.

Sincerely,



Jim Jordan
Chairman

cc: The Honorable Jerrold L. Nadler, Ranking Member

²¹ Rules of the U.S. House of Representatives, R. X (2023).