

Warner Bros. Discovery faces backlash for attempting to shelve another film for tax purposes

Article

The news: Warner Bros. Discovery (WBD) faced heavy criticism for trying to shelving the completed film “Coyote vs. Acme” to claim a \$30 million tax break, with **US Rep. Joaquin Castro** likening the studio’s actions to “burning down a building for the insurance money” in a post on X.

- WBD has a history of similar actions, previously [shelving “Batgirl”](#) and “Scoob! Holiday Haunt.”
- “Coyote vs. Acme,” starring **Lana Condor** and **John Cena**, concluded shooting in 2022 with a \$70 million budget.
- Director Dave Green expressed his disappointment over WBD’s decision on social media; in wake of the backlash, WBD reversed course and said it would let Green shop the movie to other potential buyers.

Why it matters: WBD’s move highlights a growing concern in the film industry regarding the financial strategies of major studios.

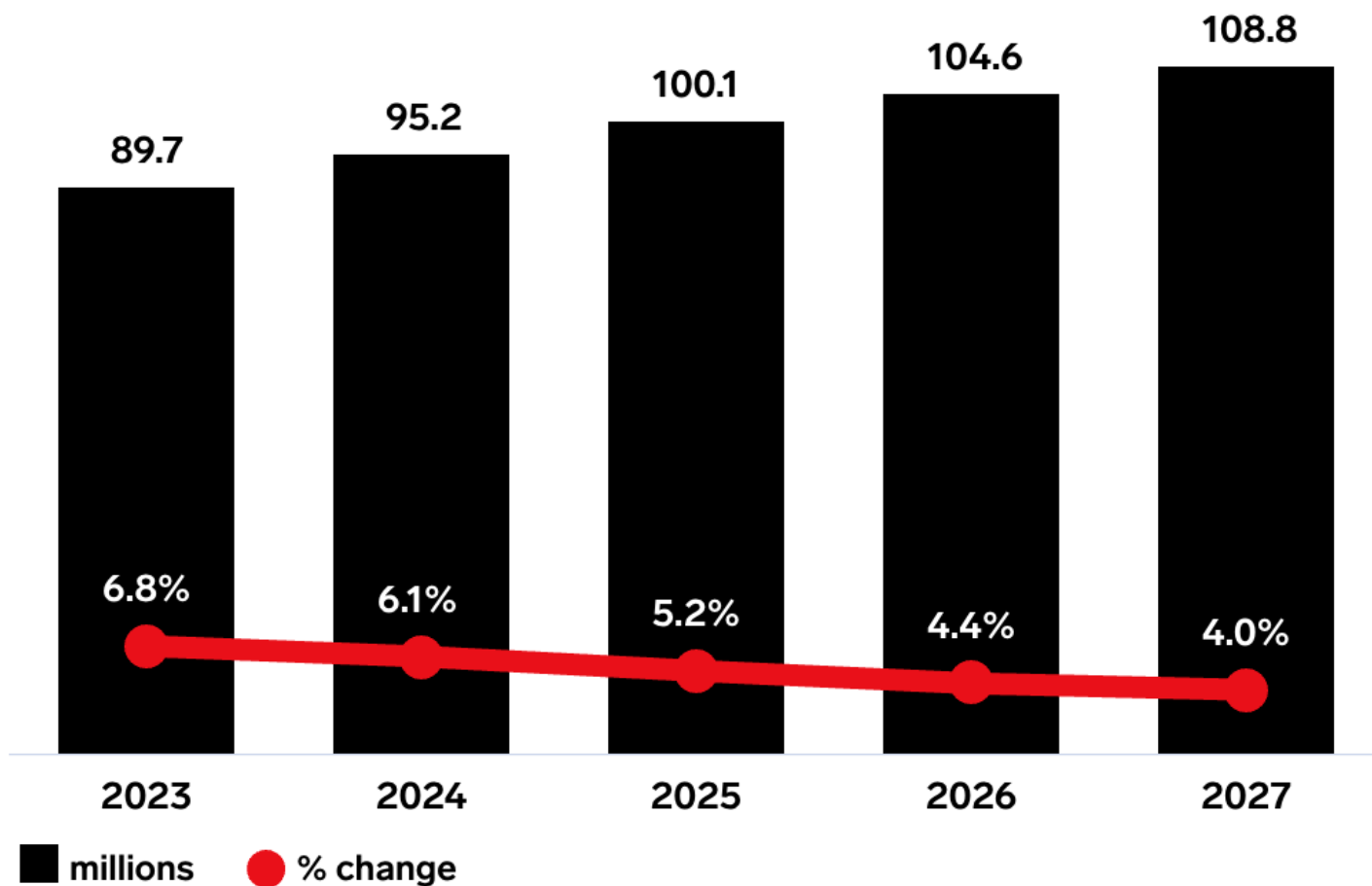
- Grappling with massive debt, WBD made extensive cuts across its business, including employee layoffs, project cancellations, and content removal from streaming services. CFO Gunnar Wiedenfels previously indicated a shift away from these practices in 2023.
- WBD's practice of shelving films for tax benefits, favoring financial over creative aspects, may set a trend in the industry. It is also raising ethical red flags about sacrificing artistic integrity for monetary gain.
- The criticism from Castro could signal a turning point, prompting a reevaluation of such practices and possibly leading to regulatory changes.

Our take: Back in January, [we predicted](#) that the company's financial pressures could necessitate further cost-cutting measures, risking further damage to its brand and consumer trust. Despite that risk, there are no guarantees that future completed films won’t get shelved.

- Ultimately, the incident signals that, while financial considerations are important, they should not completely overshadow the value of creative work. A deeper discussion about the ethical implications of business strategies within the film industry is in order.
- WBD must balance saving money with building up its **Max** streaming service, which we expect to slow its growth rate over the next few years.

Max Viewers

US, 2023-2027



Note: individuals of any age who watch HBO Max via app or website at least once per month
Source: Insider Intelligence | eMarketer, September 2023

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