

## Fox News faces fresh financial and legal pressure

yesterday

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Fox News is facing fresh legal and financial challenges after a third employee joined a racial discrimination lawsuit while a dozen brands stopped advertising on Bill O'Reilly's top-rated programme following new allegations of sexual harassment and verbal abuse.

The allegations that the cable network knew of complaints from black employees two years ago and failed to investigate them, coupled with the news of advertisers distancing themselves from its star presenter, will add to pressure on a channel that has been a cash cow for Rupert Murdoch's 21st Century Fox.

Separate allegations of sexual harassment and questions over how Fox News accounted for millions of dollars in payments to alleged victims led to the exit last summer of Roger Ailes, the former Fox News chairman, and have triggered an investigation by federal prosecutors.

On Tuesday, Monica Douglas, the manager of the credit and collections department of Fox News, joined a lawsuit filed last week in New York Supreme Court in the Bronx, alleging that she had brought complaints of racial discrimination to Dianne Brandi, the network's top legal officer, starting in November 2014, but no action was taken.

The lawsuit alleges that racially-charged comments were made against three payroll employees by Judith Slater, who lost her job as Fox's long-time controller in March.

Ms Douglas alleges that when she complained again in 2015, Ms Brandi said she did not believe that Ms Slater was racist and added that Ms Slater would not be fired "because she knows too much". The lawsuit claims that is a reference to Ms Slater's knowledge of alleged improprieties committed by Mr Ailes and Mark Kranz, Fox News' former chief financial officer.

US prosecutors are investigating whether Fox News hid payments from investors. Mr Kranz has been offered immunity for his co-operation in the investigation, people familiar with the matter have said.

Fox News said: "We take complaints of this nature very seriously and took prompt and effective remedial action in terminating Judy Slater before Ms Brown, Ms Wright and Ms Douglas sued in court and even before Ms Wright and Ms Douglas complained through their lawyer. There is no place for conduct like this at Fox News, which is why Ms Slater was fired."

A number of media companies have recently come under scrutiny for alleged discrimination. Time Warner, the parent of Fox News rival CNN, is facing a potential class-action lawsuit alleging that it gave black employees lower performance ratings, lower pay and less access to promotions.

The new allegations against Fox News come a day after network contributor Julie Roginsky filed a lawsuit alleging that she was denied a prominent position on one of the network's programmes after she rejected sexual advances from Mr Ailes.

Fox also risks an advertiser exodus from its most popular and lucrative programme, *The O'Reilly Factor*, following a report in The New York Times that Mr O'Reilly and the network paid \$13m to women who accused him of sexual harassment and other inappropriate behaviour.

The allegations are disturbing and, given the importance of women in every aspect of our business, we don't feel this is a good environment in which to advertise our products right now

By Tuesday afternoon, at least 12 brands had suspended advertising on *The O'Reilly Factor*, including drugmaker Sanofi, insurer Allstate and carmakers Mercedes-Benz, BMW of North America and Hyundai.

Advertisers on the network are now being targeted by Sleeping Giants, the social media campaign that earlier pursued advertisers with Breitbart, the rightwing news site.

"The allegations are disturbing and, given the importance of women in every aspect of our business, we don't feel this is a good environment in which to advertise our products right now," Mercedes said in a statement.

Sanofi said that it took the allegations against Mr O'Reilly seriously and would continue to monitor them. "We do not endorse the behaviour or opinions of programme hosts or the content," it added.

Paul Rittenberg, Fox News executive vice-president of advertising sales, said: "We value our partners and are working with them to address their current concerns about *The O'Reilly Factor*. At this time, the ad buys of those clients have been re-expressed into other Fox News Channel programmes."

*The O'Reilly Factor* pulled in nearly \$300m in advertising between January 2015 and September 2016, according to Kantar Media.

While big consumer brands are shying away from being associated with Mr O'Reilly, they are not the biggest spenders on his show.

According to Kantar, the top advertisers in the first nine months of 2016 were direct-response marketers Rosland Capital, a seller of gold and precious metals; pillow manufacturer My Pillow; a floor protection product called Furniture Feet; memory supplement Prevagen; and Pfizer, the pharmaceutical company.

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