

Murdoch ambitions hang in balance amid Fox News investigations

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by Dylan Byers

Rupert Murdoch and his sons have spent nearly a year trying to clean up the sexual harassment controversies at Fox News. Now comes the hard part.

The Murdochs' handling of the allegations against former Fox News chief Roger Ailes and former host Bill O'Reilly, as well as the accusations of cover-ups that ensnared former co-president Bill Shine, are now a subject in multiple investigations and reviews playing out on both sides of the Atlantic.

In the United Kingdom, media regulator Ofcom (Office of Communications) is reviewing whether or not 21st Century Fox is "fit and proper" to take full ownership of the lucrative Sky satellite and cable network. The Murdochs, who already own a 39% controlling stake in Sky, reached a deal to take full control of the remaining 61% of shares for about \$14.8 billion.

When asked if the Ofcom review would include Fox's handling of Ailes, O'Reilly and Shine, a representative for the regulator told CNNMoney, "we will look at all relevant information." On Wednesday, Wigdor LLP, which represents 19 current and former Fox employees in connection with claims of discrimination, harassment, and retaliation, sent Ofcom a letter urging the regulator to oppose the Sky deal.

Ofcom is expected to submit its review to the U.K.'s Secretary of Culture, Media and Sport by June 20.

In the United States, the Department of Justice is [investigating](#) Fox News for possible misconduct, including questions about whether it should have informed shareholders about the settlements with employees who accused Ailes of sexual harassment. The U.S. Postal Inspection Service, which handles mail fraud and wire fraud, is now [also part of the investigation, four sources connected to the investigation told CNNMoney last month.](#)

And an internal investigation is still ongoing as well. The law firm Paul, Weiss, which was originally enlisted by the Murdochs to investigate Ailes and then O'Reilly, is also continuing to review the allegations of wrongdoing at Fox News. 21st Century Fox is expected to present the firm's findings to the Justice Department, according to a source with knowledge of the matter.

While each investigation is unique, all three are likely to raise questions about the family's handling of their business and their commitment to corporate responsibility.

The Murdochs are likely hoping that the decision to part ways with Ailes, O'Reilly and Shine will demonstrate to investigators and to the public that they take complaints of sexual harassment and discrimination seriously. But the fact that they only moved to sever ties with these men amid public pressure, years after the first accusations and lawsuits, will draw scrutiny over that commitment.

In its letter to Ofcom, Wigdor LLP said the fact that it took public lawsuits for Fox to launch its investigations "suggests that Fox News lacks proper internal controls to ensure compliance with federal and state labor laws."

Meanwhile, two sources with knowledge of the matter said the Murdochs are at least informally searching for a new chief executive at Fox News who could put the network's troubles squarely behind it.

[The Murdochs are also in talks with the private equity firm Blackstone to launch a bid for Tribune Media](#), one of the nation's largest television broadcasting companies, according to a source with knowledge of the matter. That acquisition would expand Fox's ownership of the U.S. television market to 70 local stations.

For now, though, Fox News continues to face public scrutiny over the continued presence of veteran executives who are accused of being complicit with the old guard.

Suzanne Scott, who was promoted to president of programming on Monday, has been accused in at least one lawsuit of trying to rally employees against former Fox News host Gretchen Carlson after she accused Ailes of sexual harassment last summer. Other current and former Fox News sources described Scott to CNNMoney as "more of the same" or "part of the problem." (Through a Fox News spokesperson, Scott said she "never asked any women at Fox News -- on-air or off -- to support Roger Ailes.")

Given the Murdochs' eagerness to secure Sky, the decision to keep Scott and other former executives in place at Fox has many media executives scratching their heads. In conversations with CNNMoney, several executives at both rival and non-rival networks have asked why the Murdochs aren't making a wholesale change at Fox News and starting fresh with outside management.

"They keep kicking the can down the road," one executive said. "I don't understand why you would want to keep facing the same problem over and over again."

Some of these executives argue that the Murdochs may have already demonstrated that they are not fit to take over Sky because of how long they were willing to tolerate bad behavior at Fox News. These executives suggest it would have been impossible for the Murdochs not to be aware of Ailes and O'Reilly's behavior, especially since they were involved in paying some of the settlements to their accusers.

These executives also pointed to a history of tolerance for bad behavior at 21st Century Fox, citing the 2011 phone-hacking scandal at the now-defunct News of the World. Then, as now, the Murdochs had made a bid for Sky. In that case, at least, they were forced to abandon it amid public pressure.

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