

Viacom struggle ends: Shari Redstone at helm

Daughter of media mogul ‘pulled off the palace coup’

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Shari Redstone would tell her tough-as-nails father, Sumner Redstone, that she possessed 80% of his brains, 90% of his passion and 100% of his obsessive personality.

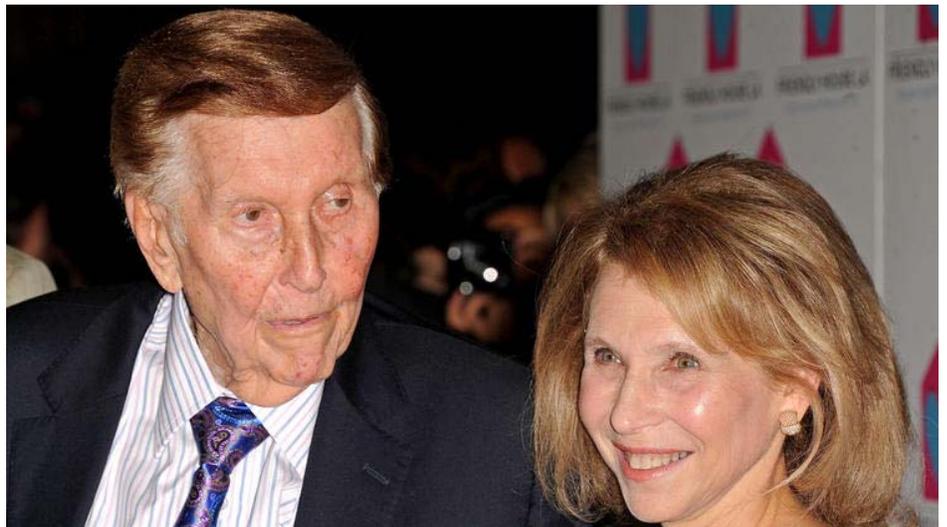
Media mogul Sumner Redstone, over the years, seemed to be his daughter's harshest critic. He would belittle her in public, telling associates that she wasn't up for the task of leading his beloved media company, Viacom Inc. He sent a letter to *Forbes* magazine nearly a decade ago, dismissing her contributions. For a short while, father and daughter communicated via fax machine.

This week, however, Shari Redstone, 62, proved she was a worthy successor to her ailing 93-year-old father with dogged determination to preserve the Redstone family dynasty and her father's legacy.

“If there was any doubt that the strong-willed Redstone blood courses through her veins, that has been answered with an exclamation point,” said Lloyd Greif, a Los Angeles investment banker. **“She pulled off the palace coup, and she now controls the company.”**

Viacom's board late Thursday bowed to the demands of Shari and Sumner Redstone, approving a settlement with the family that ends a messy boardroom struggle that had engulfed the company that owns cable TV channels MTV, VH1, Comedy Central, Nickelodeon, BET and the Paramount Pictures movie studio.

As part of the agreement, which must be approved by judges in two



Sumner Redstone and daughter Shari Redstone are seen in Beverly Hills in 2012. (Katy Winn / Invision / Associated Press)

states, Viacom's embattled chief executive, Philippe Dauman, resigned, and five new members, identified earlier this summer by Shari Redstone, will join the company's board.

“This is the brave new world for Viacom,” Greif said. **“We all know who is the power behind the throne. Sumner has checked out, and now it's Shari's show — and there will be more accountability.”**

The corporate infighting at Viacom erupted in late May when Sumner Redstone, in poor health, moved to dump Dauman, his longtime lieutenant, and George Abrams, another longtime associate, from the trust that will one day oversee the mogul's controlling shares in Viacom and CBS Corp.

Dauman and Abrams sued the Redstones in Massachusetts probate court to reverse their dismissals. They claimed that Sumner Redstone has dementia and was being used as a tool by his daughter who was attempting to seize control of the \$40-billion media empire of Viacom and CBS Corp.

The Redstones control nearly 80% of the voting shares of the two companies. Their next move, in June, was to attempt to shake up the Viacom board.

They targeted board members who they believed had been too lax in overseeing the company as its performance began to crumble. Ratings plummeted at Viacom's youth-focused TV networks, and key talent, including Comedy Central's former late-night hosts, Jon Stewart and Stephen Colbert, moved on

'The brave new world for Viacom'



Shari Redstone, center, with her son Brandon Korff, left, and attorney Elizabeth Burnett, right, depart the Stanley Moss Courthouse in Los Angeles on May 6, 2016. (Al Seib / Los Angeles Times)

to rival networks. All the while, Paramount's big-budget movies were bombing in theaters.

Three objectives fueled Shari Redstone's campaign, according to people familiar with her strategy. Viacom's vice chair wanted new leadership at the company, a more attentive board of directors and a path forward so Viacom can reclaim its position as a leader in entertainment.

"A lot of this was about business, but some of it was personal," said one insider who declined to be identified speaking about the tensions. "Sumner was [a] very tough father, and he treated Philippe differently. That was frustrating to her."

Sumner Redstone spent years heaping praise on Dauman, calling him "the wisest man I know," and telling investors and others that he viewed Dauman as his rightful corporate heir — not his daughter nor his son, Brent Redstone, who left the family business a decade ago with a \$250-million settlement.

Her father's fascination with his then-girlfriends, and his allegiance to Dauman, even when Viacom was faltering, bothered Shari Redstone, according to two people familiar with the matter.

In recent years, she distanced herself from Viacom, spent time with her family and launched her own venture capital firm, Advancit Capital, to invest in new media ventures.

A confluence of factors gave Shari Redstone an opening to restore her relationship with her father and mount the battle to regain control of Viacom.

Nearly a year ago, after a dust-up with live-in girlfriend Sydney Holland, Sumner Redstone put another long-time companion, Manuela Herzer, in charge of his daily schedule.

In mid-October, Redstone decided to also have Herzer removed from his hilltop mansion in Beverly Park and cut her out of his will. According to court testimony, Redstone believed that Herzer stole money from him — a charge that Herzer denies.

Herzer sued in November, and lurid details about Redstone's obsession with steak and sex, and his strained relationship with his daughter became front-page news. After Herzer left, Shari Redstone was able to return to her father's life and home. Around that time, Sumner Redstone began watching his favorite channel, CNBC, again and began receiving frequent updates on Viacom and its struggles.

But the contentious lawsuit brought by Herzer weighed heavily on the ailing mogul, who can barely speak because his throat muscles have all but given out, a result, according to some doctors, of the damage he sustained when he was badly burned in a hotel fire in Boston in 1979. Herzer claimed that Redstone was incompetent and "a living

ghost." His lawyers tried for months to avoid having him testify in the case, but in the end it was Redstone's forceful testimony that persuaded a Los Angeles judge to dismiss Herzer's lawsuit.

With the Herzer case seemingly behind them, the Redstones turned their attention to shaking up Viacom. Within two and a half weeks, it was Dauman who was in the crosshairs. The elder Redstone was said to be infuriated with Dauman's plan to sell a 49% stake in Paramount Pictures, Sumner Redstone's beloved movie studio.

Despite his ouster, Dauman will have an opportunity to pitch his Paramount stake sale to Viacom board members. Dauman, who stepped down as CEO on Thursday, will exit the board Sept. 13.

As part of the agreement, Thomas Dooley, Viacom's chief operating officer, was elevated to chief executive. He will serve at least through the end of September, which coincides with the end of Viacom's fiscal year. But people familiar with the matter said Shari Redstone has indicated that she will likely support Dooley to remain in the job longer.

"We don't think Viacom is a quick or easy fix no matter who runs it," Wells Fargo Securities media analyst Marci Ryvicker wrote in a report earlier this month after Viacom's earnings disappointed Wall Street again. Viacom stock closed Friday up 65 cents, or 1.5%, to \$43.49. Shares are down 45% compared with two years ago.

At the other media company that the Redstones control, CBS, Chairman and Chief Executive Leslie Moonves said he believes Viacom is in good hands.

"Shari has been a terrific board member and a strong voice for good corporate governance throughout her tenure here at CBS," Moonves said in a statement provided to The Times. "I am sure she will bring that same good business sense and positive, collegial attitude to the new situation at Viacom as she and the new board work to move that company forward."