

With Leslie Moonves out, Shari Redstone emerges winner in fight over control of CBS

By MEG JAMES
TIMES STAFF WRITER

For nearly a year, Shari Redstone has been locked in a battle for control of CBS Corp. — facing off against a powerful chief executive and other members of the board. So tense was the standoff that CBS went to court to pry loose the Redstones' grip on the company.

Armistice arrived Sunday. In one dramatic swoop, CBS announced the departure of longtime CEO Leslie Moonves amid a widening sexual harassment scandal, installed an acting CEO and announced six new members to its board. Gone were the old-timers, friends of Sumner Redstone, who were some of Moonves' strongest allies.

CBS, in a statement, touted its compromise with the Redstone family and the independence of its refreshed 13-member board. The number of women on the panel immediately doubled to six. The average age of board members now is 65, eight years younger than before. Not mentioned in CBS' statement was that Shari Redstone — the daughter of the ailing media mogul from Boston — was deeply involved in the group's selection, according to two people familiar with the matter who were not authorized to comment.

"This may look like a compromise resolution at first blush, but it's not," Los Angeles investment banker Lloyd Greif said. "Shari won this round — big. Les Moonves must feel



CBS Vice Chair Shari Redstone, shown in 2016, succeeded in getting rid of her opponents on the CBS board. (Bryan Bedder / Getty Images)

like he got run over by an 18-wheeler."

The retirement of long-serving board members and Moonves' resignation handed Redstone a major victory and could eventually strengthen her influence in shaping the future of the storied media company that her family controls. Several of Shari Redstone's boardroom opponents have been cleared from the field.

As part of the truce, hammered out Sunday, CBS board members agreed to drop their lawsuit against the Redstone family investment vehicle, National Amusements Inc. The company retains nearly 80% control of the broadcasting company, which also

owns premium channel Showtime, a chain of television stations, including KCBS-TV Channel 2 in Los Angeles, TV production and film studios, and book publisher Simon & Schuster.

National Amusements gave ground too. Now it will have two, not three, representatives on the CBS board. And the company agreed not to propose a merger between CBS and Viacom Inc., the other media company that the Redstone family controls — for at least two years. Acrimony over Shari Redstone's campaign for a merger earlier this year fueled some of the board rancor and CBS' legal efforts to try to dilute the family's control.

In addition, 95-year-old Sumner Redstone's trust, which kicks in upon his death or incapacitation, was amended to remove a requirement that the Redstones maintain at least a 30% control of the business. That clears the way for other suitors to bid for CBS.

"It is true that Shari Redstone came out as the winner in the corporate intrigue," said C. Kerry Fields, finance professor at the USC Marshall

tions that back the #MeToo movement and women's equality in the workplace. That money has already been deducted from Moonves' severance package.

CBS stock closed down 86 cents, or 1.5%, to \$55.20 on Monday. This year, shares are down about 7% amid the boardroom squabble and Moonves' increasingly tenuous position.

Redstone, 64, who serves as vice

former Moonves' coworker in the mid-1980s, at the now defunct Lorimar television studio, had filed a complaint with the Los Angeles Police Department.

Moonves said he was involved in consensual relationships with several of the women and called the allegations against him "untrue."

"The turning point was Mr. Moonves' vulnerability to the sexual harass-

“Les Moonves must feel like he got run over by an 18-wheeler.”

—LLOYD GREIF, PRESIDENT & CEO OF GREIF & CO.

School of Business. "She wanted to eliminate some of the outside board members, and the litigation will be dropped. But it is a subtle compromise."

The agreement between CBS and the Redstone family gives Wall Street — which has been largely opposed to a CBS-Viacom merger — some assurance that a marriage is off, at least for now.

"However, the hiatus certainly does nothing to dispel the notion that the Redstones intend to recombine the two companies, leaving the existing overhang on CBS shares," Doug Creutz, an analyst with Cowen & Co., wrote in a Monday report.

Shari Redstone, through a spokeswoman, declined to comment.

Moonves, 68, departed CBS without an immediate severance package. Board members wanted to wait until the completion of a high-level investigation into his alleged misconduct and the workplace culture at CBS. Once that review is complete, CBS board members will decide whether Moonves is entitled to receive any of the benefits of his most recent contract.

In a regulatory filing, CBS said that it would deposit \$120 million in a trust account. However, if investigators find evidence that Moonves should be fired for cause, he may not receive any severance.

CBS also said that it and Moonves will donate \$20 million to organiza-

tion claims," Fields said. "He couldn't survive an escalation of the allegations of sexual misconduct and continue to run the organization."

chair of CBS, has long toiled in the shadows of her larger-than-life father, Sumner Redstone. He would berate her publicly — including a well-chronicled occasion, more than a decade ago, when he faxed a letter to Forbes magazine that openly dismissed her contributions to the family enterprise. But in the last two years, Shari Redstone has demonstrated her mettle first by vanquishing her father's female companions and then clawing victories in two bruising boardroom battles, first at Viacom and now at CBS.

In 2016, she led the fight to oust Viacom's longtime chief executive, Philippe Dauman, and several longtime members of Viacom's board. That also led to a settlement that was strikingly similar to the weekend accord with the CBS board.

By last fall, Redstone was advocating to reunite Viacom with CBS, but the CBS board and its senior management resisted the idea. Redstone began pressing for changes on the CBS board.

But soon, there were rumors that reporters were looking into allegations of sexual misconduct by Moonves. In two articles in New Yorker magazine, 12 women came forward to accuse the longtime TV executive of aggressive sexual advances decades ago.

Some CBS board members became aware earlier this year that a

ment claims," Fields said. "He couldn't survive an escalation of the allegations of sexual misconduct and continue to run the organization."

As part of the settlement, many of CBS' longest-serving directors, including Moonves, television producer Leonard Goldberg, film producer Arnold Kopelson, music executive Doug Morris, former banking executive Charles Gifford, former government official Joseph Califano and attorney David Andelman, retired from the board.

"So far, the investors have clearly won, and Shari Redstone and National Amusements have won," said Jeffrey Sonnenfeld, a professor at the Yale School of Management. "And the big loser was Moonves and his cronies who have largely exited the board."

Joseph Ianniello, who until Sunday served as CBS' chief operating officer, becomes president and acting chief executive while the search for a new leader proceeds.

"I am honored to have this responsibility, and I'm excited to take on a greater role," Ianniello wrote in an email to CBS staff Monday morning. "At the core of any company is its culture. And never has it been more important for us to make it abundantly clear that CBS has a steadfast commitment to diversity, inclusion and a safe and positive working environment."