

Murdochs battle over media empire

Patriarch wants to amend family trust to ensure only his eldest son will have control of Fox, News Corp.

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The fight for the future of Rupert Murdoch's media empire begins Monday in a Nevada courtroom.

The 93-year-old media titan is petitioning to change his irrevocable family trust to ensure his eldest son, Lachlan, will have sole control over his media companies News Corp. and Fox Corp. after the elder Murdoch's death.

News Corp. owns influential publications such as the Wall Street Journal, the New York Post, Investor's Business Daily and Dow Jones. Fox Corp. is the parent company of Fox News and the Fox broadcast network.

But three of Murdoch's other children are not happy about the proposed change and have allied against Rupert and Lachlan Murdoch, according to documents obtained by the New York Times and reporting by the Journal. In the current version of the trust, Lachlan and fellow Murdoch heirs James, Elisabeth and Prudence were set to jointly inherit control of the businesses.



Lachlan Murdoch, left, Rupert Murdoch and James Murdoch arrive at St. Bride's Church for the celebration ceremony of the 2016 wedding of Rupert Murdoch and Jerry Hall in London. (Joel Ryan / Joel Ryan/invision/ap)

This has set the stage for a high-powered family succession drama that has largely played out under wraps.

Fox Corp. declined to comment. News Corp. did not respond to a request for comment.

“Lachlan is [Rupert Murdoch's] handpicked successor, and he's obviously concerned that things will change if he's no longer capable of

exercising authority,” said Lloyd Greif, president and chief executive of investment banking firm Greif & Co. “It's very much Rupert wanting to continue to exert control over his baby from the grave.”

Why does Rupert Murdoch want to make this change?

Rupert has claimed this change is necessary to maintain the compa-

nies' conservative editorial stance, which would preserve its financial value for all the Murdoch heirs.

Lachlan is known for sharing his father's right-leaning political views and since last year has served as sole chairman of News Corp. and executive chairman of Fox. The other three siblings are more politically moderate.

But just because the three have aligned to fight the trust change doesn't necessarily mean they have a unified vision for the companies' future, Greif said.

"All that means is that they want to be able to have a say," he said. "At the proverbial last minute here, Rupert, age 93, is trying to change the rules of the game."

Would changing the editorial bent affect business?

It's very possible, particularly for Fox.

Last year, Fox maintained its perch as the most-watched cable network for the eighth straight year, though its average audience numbers were down, particularly after controversial prime-time anchor Tucker Carlson was booted from the network.

"Any sort of more moderate position would definitely impact the coverage on Fox News...which would have an impact on their financial state," said Anthony Adornato, chair of the broadcast and digi-

tal journalism department at the Newhouse School of Public Communications at Syracuse University. "The reason they've been able to do so well is because they attract an audience."

It's not clear whether the three more moderate Murdoch siblings would attempt to exert influence over the political bent of the network, and it's possible that they could choose to maintain the conservative stance because of its profitability, Adornato said.

But beyond the editorial leanings, the voting structure of the trust could also affect the companies' bottom lines. Having four individuals in control of the family business could be a recipe for disaster if they are not aligned, Greif said.

"In today's hyper-competitive media landscape, leadership paralysis is a sure recipe for losing ground and destroying shareholder value," he said. "But it's also true that placing control in the hands of one person can be equally dangerous if their decisions lead the company off a cliff. I don't envy this probate judge his decision."

Why is this being settled in Nevada?

Nevada's laws regarding family trusts provide a high level of confidentiality, which is why so much of this conflict was previously unknown.

Public discussion of the matter began over the summer, when the New York Times obtained a 48-page sealed court record about the trust battle.

News outlets, including the Washington Post, CNN and the Associated Press, had petitioned to open the hearing to the public and unseal documents, arguing that it was in the public interest. But on Thursday, Nevada Probate Commissioner Edmund J. Gorman Jr., largely ruled against the motion, which didn't even list the Murdochs by name.

"A family trust, like the one at issue in this case, even when it is a stockholder in publicly traded companies, is essentially a private legal arrangement, as the applicable sealing statutes recognize," Gorman wrote in the order.

He cited the original order that sealed the documents and closed court hearings, which stated that "the proceedings themselves will reveal confidential personal, financial, and business information of the Trust and its beneficiaries or other family members who the Trustee serves."

However, a basic schedule of the trial proceedings, referring to the trust as "Doe 1 Trust," is available on the court website. An evidentiary hearing is set for Monday at 9 a.m. Pacific time.