



Latest evidence that 21st Century Fox and the Murdochs pose a threat to the British media landscape

Media Matters for America's response to 10 October 2017 "issues statement" from Competition and Markets Authority

24 October 2017

Introduction

Since Phase 1 of the investigation into 21st Century Fox's (21C Fox) bid to take over Sky PLC, *Media Matters for America* has argued -- alongside other interested third parties -- that 21C Fox and the Murdochs have yet to demonstrate a serious commitment to broadcasting standards on the following grounds:

- 1) 21C Fox has a continued pattern of poor corporate governance, despite its claims to have introduced strong compliance and corporate governance systems since the phone hacking and associated scandals in 2012 -- and more recently, in response to Ofcom's recommendations in May 2017.¹
- 2) There continues to be an overwhelming pattern of failure by 21C Fox to comply with broadcasting standards objectives as set out in the Communications Act of 2003, particularly regarding impartiality, accuracy, and the exclusion of offensive and harmful material.

The following memo details the latest evidence that raises additional concerns and illustrates the threat that the Murdochs and "Foxification" overall pose to the British media landscape. It also offers recommendations for the Competition and Markets Authority (CMA) Inquiry group's consideration, including requesting further information from the bidder about the status of existing internal investigations and company policies. This is supplementary to *Media Matters'* prior correspondence with and submissions to Secretary of State Karen Bradley, the Department for Digital, Culture, Media & Sport (DCMS), and Ofcom. See appendix for those documents.

21C Fox is not serious about changing the overall culture at Fox News, other outlets in the wake of sexual harassment allegations

Even after the ouster of then-Fox News Chairman and CEO Roger Ailes, Bill O'Reilly, Bill Shine, Eric Bolling, and other Fox News employees who participated in and covered up widespread sexual harassment at the network, 21C Fox has demonstrated little commitment to changing the overall culture at Fox News for the better. In fact, it was recently revealed that the Murdochs actively helped cover up just how deeply entrenched the culture of privileging alleged harassers over the harassed is at Fox News.

A 21 October 2017 *New York Times* report revealed that O'Reilly struck a \$32 million agreement with a 15-year network analyst last January to settle new sexual harassment

¹ "Public interest test for the proposed acquisition of Sky plc by 21st Century Fox, Inc," Ofcom, 20 June 2017, https://www.ofcom.org.uk/__data/assets/pdf_file/0012/103620/public-interest-test-report.pdf

allegations against him -- the sixth known agreement made by O'Reilly or 21C Fox.² Not only was the settlement made *six months after* Ailes' ouster from the network and *four months prior* to O'Reilly's ouster, but 21C Fox also knew about the employee's allegations of repeated harassment and a nonconsensual sexual relationship involving the former Fox host and made sure the case did not become a public spectacle (and thus a liability).³

According to those familiar with the settlement and interviewed by the *Times*, despite the severity of the allegations against O'Reilly in January, Rupert, James, and Lachlan Murdoch made the decision to stand by the network's top-rated host -- who at the time was a boon for the network's bottom line -- for financial reasons. They also sought to suppress the second wave of public scrutiny about widespread sexual harassment at the network (the first of which led to Ailes' ouster), which they ultimately failed to do. Even when Megyn Kelly -- who was one of Fox News' highest-rated prime-time hosts before she left the network to become a host at NBC -- brought similar allegations to Fox News executives, including current co-president Jack Abernethy, nothing was done.⁴ According to a *Media Matters* analysis, Fox News programmes virtually ignored the *Times* report for 48 hours after it broke, while it devoted 22 minutes to another *Times* report -- in a 48 hour period -- uncovering sexual harassment allegations brought against movie giant Harvey Weinstein.⁵

Prior to this latest revelation, O'Reilly's disgraced legacy clearly wasn't enough to stop Fox News from recently bringing him back to the airwaves and around the employees he harassed -- reinforcing that it was matters of money, not principle, that drove O'Reilly off the air. On 26 September 2017, O'Reilly appeared on Sean Hannity's Fox News show, one of many appearances revealing a renewed and budding collaboration between the two.⁶ In the last month and a half, O'Reilly has been on a media tour to rehabilitate his public image as well as promote his new book.⁷

² Emily Steel and Michael S. Schmidt, "O'Reilly Settled New Harassment Claim, Then Fox Renewed His Contract," *The New York Times*, 21 October 2017, <https://www.nytimes.com/2017/10/21/business/media/bill-oreilly-sexual-harassment.html>

³ *ibid*

⁴ Terence Cullen, "Megyn Kelly delivers pointed takedown of Fox News' sexual harassment culture," *New York Daily News*, 23 October 2017, <http://www.nydailynews.com/entertainment/tv/megyn-kelly-delivers-takedown-fox-news-harassment-culture-article-1.3582713>

⁵ "Fox News spent four times as much time on breaking news about Harvey Weinstein than Bill O'Reilly," *Media Matters for America*, 23 October 2017, <https://www.mediamatters.org/blog/2017/10/23/fox-news-spent-four-times-much-time-breaking-news-about-harvey-weinstein-bill-oreilly/218305>

⁶ "By bringing back Bill O'Reilly, Sean Hannity proves he's a reckless loose cannon," *Media Matters for America*, 25 September 2017, <https://www.mediamatters.org/blog/2017/09/25/bringing-back-bill-oreilly-sean-hannity-proves-hes-reckless-loose-cannon/218037>

⁷ David Bauder, "O'Reilly says his ouster was hit job and business decision," Associated Press, 19 September 2017, <https://apnews.com/af96295481834005ac49c4e59e3deb80>

The Fox News interview wasn't just approved and promoted by Hannity -- Fox News executives were clearly on board. A *Media Matters* review found that the day of the interview, Fox News aired at least one promotion for Hannity's O'Reilly interview throughout each hour of programming between 6 a.m. and 6 p.m. -- whether through an on-screen graphic or a promotional commercial.⁸ 21C Fox and the Murdochs did not publicly address the O'Reilly-Hannity collaboration and the network-wide promotion of the interview. Fox News' promotion of the partnership between a serial sexual predator and a Fox employee is further evidence that 21C Fox and the network are not serious about changing the culture at Fox News, even in the face of mounting pressure from investors to conduct a comprehensive review of its workplace culture.⁹ ¹⁰ The collaboration also underscores that the Murdochs are likely to take disciplinary action only when the network's bottom line is impacted by advertiser and financial pressure -- not when employees experience harassment and discrimination at their workplace.

There has been a long-standing pattern of sexual harassment and workplace discrimination throughout the Murdochs' network of media outlets over the years. Here are prominent examples:

- In July 2017, Fox Sports fired Jamie Horowitz, the outlet's head of sports programming, amid an investigation into sexual harassment reports.¹¹ Fox Sports hasn't been a stranger to sexual harassment allegations. In 2003, Lisa Brescher, a hairstylist for a show on Fox Sports Network, filed a lawsuit claiming sexual harassment against host and former NBA player John Salley.¹² According to the complaint, Brescher "was subjected to an environment of unrestrained sexual harassment." Brescher further claimed that host Tom Arnold "didn't care" when she presented her complaints and that he retaliated by banning her from the set. Arnold denied the allegations. According to court documents, the case was later

⁸ "Fox News goes all in promoting Bill O'Reilly's return to the network on *Hannity*," *Media Matters for America*, 26 September 2017, <https://www.mediamatters.org/blog/2017/09/26/fox-news-goes-all-promoting-bill-o-reilly-s-return-network-hannity/218052>

⁹ Rebecca Penty, "O'Reilly's Fox News Appearance Tests Optics Amid Sky Review," *Bloomberg*, 26 September 2017, <https://www.bloomberg.com/news/articles/2017-09-26/o-reilly-s-fox-news-appearance-tests-optics-amid-sky-deal-review>

¹⁰ Emily Steel, "21st Century Fox Pressed By Investment Group to Overhaul Board," *The New York Times*, 12 October 2017, <https://www.nytimes.com/2017/10/12/business/media/21st-century-fox-sexual-harassment.html>

¹¹ Meg James, "Another sexual harassment scandal for Fox as it fires its head of sports programming in L.A.," *Los Angeles Times*, 3 July 2017, <http://www.latimes.com/business/hollywood/la-fi-ct-fox-sports-jamie-horowitz-sex-harassment-20170703-story.html>

¹² "Herridge is not alone: News Corp.'s history of discrimination complaints," *Media Matters for America*, 1 October 2010, <https://www.mediamatters.org/research/2010/10/01/herridge-is-not-alone-news-corps-history-of-dis/171399>

settled.¹³

- Former Fox News contributor Tamara Holder reached a legal settlement with 21C Fox after she reported that Fox News Latino executive Francisco Cortes had sexually assaulted her in 2015.¹⁴
- Former Fox News host Eric Bolling parted ways with the network in September 2017 after reports surfaced that he had sent unsolicited lewd pictures to female colleagues.¹⁵
- After being suspended in July 2017 amid sexual harassment allegations and an internal investigation allegedly found no wrongdoing, Fox Business host Charles Payne returned to the network in September.¹⁶
- In October 2009, *New York Post* associate editor Sandra Guzman was fired from the Murdoch-owned paper shortly after speaking out against a controversial editorial cartoon, which was widely criticized for having racial undertones.¹⁷ Following her termination, Guzman filed a lawsuit against News Corp., the *Post*'s parent company at the time, for sexual and racial discrimination and harassment.¹⁸ Another *Post* employee also alleged racial discrimination at the paper.¹⁹

The evidence above demonstrates once again that the Murdochs and their companies will take some semblance of disciplinary action only when the threat of public scrutiny and lost advertising revenue looms. For 21C Fox, it is that clear bottom line and public image -- not the public interest -- come first. This does not bode well for adequate and consistent compliance with British standards and regulations or for the company proving to be a responsible source of news and information for the British public.

¹³ *ibid*

¹⁴ Emily Steel, "Fox Is Said To Settle With Former Contributor Over Sexual Assault Claims," *The New York Times*, 8 March 2017,

https://www.nytimes.com/2017/03/08/business/fox-news-roger-ailles-sexual-assault-settlement.html?_r=0

¹⁵ Stephen Battaglio, "Eric Bolling is out at Fox News over sex pictures, while Charles Payne returns to Fox Business," *Los Angeles Times*, 8 September 2017,

<http://www.latimes.com/business/hollywood/la-fi-ct-payne-fox-harassment-20170908-story.html>

¹⁶ Max Greenwood, "Charles Payne to return to Fox Business after harassment investigation: report," *The Hill*, 8 September 2017,

<http://thehill.com/homenews/media/349842-charles-payne-to-return-to-fox-business-after-harassment-investigation-report>

¹⁷ "Herridge is not alone: News Corp.'s history of discrimination complaints," *Media Matters for America*, 1 October 2010,

<https://www.mediamatters.org/research/2010/10/01/herridge-is-not-alone-news-corps-history-of-dis/171399>

¹⁸ Sam Stein, "NEW YORK POST LAWSUIT: Shocking Allegations Made By Fired Employee Sandra Guzman," *HuffPost*, 18 March 2010,

https://www.huffingtonpost.com/2009/11/10/shocking-allegations-levi_n_352314.html

¹⁹ Sam Stein, "Austin Fenner, Ex-NY Post Employee, Sues The Paper, Charges Racism," *HuffPost*, 18 March 2010, https://www.huffingtonpost.com/2009/11/30/austin-fenner-ex-ny-post_n_374449.html

Limitations of “non-news”/“news” distinction when assessing Fox News’ compliance with broadcasting objectives

Before detailing the latest evidence proving 21C Fox’s lack of genuine commitment to broadcasting objectives, we feel it is very important to dispel a categorical distinction Ofcom and 21C Fox have cited to justify rampant misinformation in their news outlets: the supposed distinction between “news” and “non-news” content. In Ofcom’s report to Secretary Karen Bradley on 20 June 2017, Ofcom shared:

“Over the last five years, we have not recorded breaches of rules relating to due accuracy or due impartiality against news content broadcast on Fox News. However, we have found non-news content broadcast ... on Fox News in breach of Broadcasting Code rules on materially misleading content on one occasion, and of the rules on due impartiality and elections on three occasions.”²⁰

As noted in our introductory letter, *Media Matters* has been cataloguing the inaccuracies, biased content, and offensive material broadcast by Fox News -- and other 21C Fox-owned media outlets -- for years, which can be found on our website.²¹ Since our founding in 2004, our team has documented that while the structures of morning, daytime, and prime-time programming vary, the line separating opinion and news programming at the network at-large is a convenient fiction that viewers are unaware of and showrunners ignore. This has been a reality since the network’s launch in 1994.

Rupert Murdoch-hired Fox News CEO and Chairman Roger Ailes long touted the network’s coverage as “fair and balanced” -- eventually becoming a slogan -- up until his ouster in July 2016 after sexual harassment allegations surfaced.²² Murdoch himself used the refrain for years to defend the network against growing public scrutiny around its bias and misinformation. In one of many instances, he said, “If we weren’t fair and balanced, we wouldn’t have the number-one network in news.”²³ Fox News host Sean Hannity, whose show Ofcom suggested is not a “news programme,”²⁴ has towed this line and cast himself recently as a “journalist.”²⁵ This slogan was a strategic attempt to

²⁰ “Public interest test for the proposed acquisition of Sky plc by 21st Century Fox, Inc,” Ofcom, 20 June 2017, https://www.ofcom.org.uk/__data/assets/pdf_file/0012/103620/public-interest-test-report.pdf

²¹ *Media Matters for America*, <https://www.mediamatters.org/>

²² “Roger Ailes’ Legacy: Building the GOP’s Communications Arm Under the Guise of a ‘News’ Network,” *Media Matters for America*, 19 July 2016, <https://www.mediamatters.org/research/2016/07/19/roger-ailles-legacy-building-gops-communications-arm-under-guise-news-network/211722>

²³ “News Corporation CEO Discusses Health Care, Taxes, Jobs,” FoxNews.com, 9 June 2009, <http://www.foxnews.com/story/2009/06/09/news-corporation-ceo-discusses-health-care-taxes-jobs.html>

²⁴ Ofcom letter to Secretary Karen Bradley and DCMS 25 August 2017, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/644125/Ofcom_Letter_to_DCMS_25_August_2017_and_Annexes.pdf

²⁵ “Contrary to past protestation, Sean Hannity announces: ‘I’m a journalist,’” *Media Matters for America*, 7 August 2017,

cover up network-wide strategies to politically slant coverage at all levels of programming.

Ailes and his executive team actively required staff to inject conservative-leaning bias into their reporting and commentary. For example, according to internal emails and sources at the network, Fox News' vice president of news and Washington managing editor, Bill Sammon, directly ordered staff to echo Republican pollster recommendations about what messaging to use when covering health care reform.²⁶ The same leaks showed Sammon directly ordering staff to cast doubt on established climate science.²⁷ This messaging was shared equally with what Ofcom would distinguish as "news" and "non-news" hosts. Discussing the dynamics in the Washington bureau during an interview with *Media Matters*, a Fox source said of Sammon's approach, "When news is being tampered with, you have to worry ... If things are being classed as news that aren't, that is a problem."²⁸

This editorial manipulation was also exposed in the case of the now-retracted FoxNews.com report that pushed false claims about the murder of Democratic National Committee staffer Seth Rich. *Media Matters* found evidence that after GOP operative and donor Ed Butowsky allegedly gave talking points to Fox News employees about the fabricated Rich story, network hosts parroted the messaging on their shows, including on *Fox & Friends* and Sean Hannity's program, *Hannity*.²⁹ The alleged goal was to distract from the ongoing investigation into the Trump administration's ties to Russia.³⁰

Despite the alleged political motivations behind the story, Fox News employees' acceptance of the spin, and 21C Fox's deafening silence in the face of its promotion, Ofcom expressed no concerns over the case because it allegedly "did not occur in a broadcasting standards context."³¹ The programs *Fox & Friends* and *Hannity*, they

<https://www.mediamatters.org/video/2017/08/07/contrary-past-protestation-sean-hannity-announces-im-journalist/217546>

²⁶ Trudy Lieberman, "Frank Luntz Rides Again: The wordsmith and the public option," *Columbia Journalism Review*, 10 December 2010, http://archives.cjr.org/campaign_desk/frank_luntz_rides_again.php

²⁷ Jack Mirkinson, "Fox News Boss Ordered Staffers To Cast Doubt On Climate Change Science," *HuffPost*, 15 December 2011, http://www.huffingtonpost.com/2010/12/15/fox-news-climate-change-email_n_796963.html

²⁸ "LEAKED EMAIL: Fox boss caught slanting news reporting." *Media Matters for America*, 9 December 2010, <http://mediamatters.org/blog/2010/12/09/leaked-email-fox-boss-caught-slanting-news-repo/174090>

²⁹ "A GOP operative asked Fox personalities to push a bogus Russia/Seth Rich talking point. Here are four times they did," *Media Matters for America*, 1 August 2017, <https://www.mediamatters.org/blog/2017/08/01/gop-operative-asked-fox-personalities-push-bogus-russias-eth-rich-talking-point-here-are-four-times/217474>

³⁰ David Folkenflik, "Behind Fox News' Baseless Seth Rich Story: The Untold Tale," *NPR*, 1 August 2017, <http://www.npr.org/2017/08/01/540783715/lawsuit-alleges-fox-news-and-trump-supporter-created-fake-news-story>

³¹ Ofcom letter to Secretary Karen Bradley and DCMS 25 August 2017, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/644125/Ofcom_Letter_to_DCMS_25_August_2017_and_Annexes.pdf

wrote, do not constitute “news” programming and thus, their coverage of the Rich story did not warrant investigation under existing code.³² Both of these programs and their hosts posit themselves as sources of “news” and their viewers see them as such. Their promotion of a story as news and as a topic of discussion without evidence absolutely warrants further review in the context of the broadcasting code -- as does the process by which the FoxNews.com story made the jump to the network’s airwaves.

Other Fox News shows, including *Tucker Carlson Tonight*, *Fox News Specialists*, and *The Five*, which Ofcom identified as merely opinion or discussion programmes, also should not be exempt from broadcasting code considerations.

Given Fox News’ claim to be a source of news across all of its programming and Rupert Murdoch’s expressed desire for Sky News to become more like Fox News,³³ all of Fox News should be held to the standards of due impartiality and due accuracy.

Latest evidence of 21C Fox’s lacking commitment to due impartiality

Fox News’ latest political coverage, new prime-time lineup, and conflicts of interest raise questions about 21C Fox’s commitment to impartiality standards, as set out in Section 320 of the broadcast code.

Political coverage

President Donald Trump’s latest Fox News interview with Hannity not only marked the 70th time he has retreated to the host’s show since he announced his presidential bid³⁴ -- but it was also a window into a network-wide trend that demonstrates Fox News’ deeply entrenched partisan bias.

According to a recent *Media Matters* analysis, since the beginning of August 2017, President Trump, prominent figures in his administration, members of his family, and his personal lawyer have appeared on weekday programming on Fox News far more often than on corresponding shows on CNN or MSNBC:

- Trump-linked guests made 78 appearances on the Fox’s weekday programming, compared to eight on CNN and only six on MSNBC.

³² *ibid*

³³ Owen Gibson, “Murdoch wants Sky News to be more like rightwing Fox,” *The Guardian*, 24 Nov. 2007, <https://www.theguardian.com/media/2007/nov/24/bskyb.television>.

³⁴ “Will Trump ever do an interview with a real journalist again?” *Media Matters for America*, 11 October 2017, <https://www.mediamatters.org/blog/2017/10/11/will-trump-ever-do-tv-interview-real-journalist-again/21819>

- 60 percent of appearances by those guests on Fox were concentrated on two programs: *Fox & Friends* and *Hannity*.³⁵

Fox's airwaves have become a safe haven for President Trump and his administration in large part due to softball interviews and whitewashing of the Trump presidency. Fox hosts regularly and uncritically parrot White House talking points, defend the president at all costs, and attack his opponents, often baselessly.

Latest prime-time lineup

Despite Bill O'Reilly's ouster in April 2017, Fox News' new prime-time host lineup preserves the same biased and fact-averse reporting that characterised O'Reilly's show and pervades the network at-large.

Tucker Carlson, who took over O'Reilly's prime-time slot, is beloved by neo-Nazis and members of the extreme "alt-right" for his virulent commentary targeting women, people of color, and those he disagrees with politically.³⁶

Fox News contributor and radio host Laura Ingraham is set to debut as a prime-time host on the network later this month. Ingraham has demonstrated a strong pro-Trump bias in her commentary as a contributor and radio host, as well as a long history of using anti-immigrant rhetoric³⁷ and promoting conspiracy theories. In the wake of the tragic shooting massacre in Las Vegas that killed 56 people, the newly minted network host pushed a conspiracy theory that the shooter didn't act alone, running counter to the ongoing investigation.³⁸ Solidifying her pro-Trump credentials, Ingraham recently headlined a fundraising event for Arizona state Sen. Kelli Ward's insurgent primary campaign against U.S. Sen. Jeff Flake, Republican and a critic of President Donald

³⁵ "Study: Trump officials overwhelmingly flock to Fox News," *Media Matters for America*, 6 October 2017, <https://www.mediamatters.org/research/2017/10/06/study-prominent-trump-advocates-spurn-cnn-msnbc-t hey-flock-fox/218140>

³⁶ "Fox News' New Prime-Time Host Tucker Carlson Is Beloved By Neo-Nazis And Misogynists," *Media Matters for America*, 5 January 2017, <https://www.mediamatters.org/blog/2017/01/05/fox-news-new-prime-time-host-tucker-carlson-beloved-ne o-nazis-and-misogynists/214933>.

³⁷ "Laura Ingraham likens pro-DACA protesters at Pelosi event to 'wild dogs'," *Media Matters for America*, 19 September 2017, <https://www.mediamatters.org/video/2017/09/19/laura-ingraham-likens-pro-daca-protesters-pelosi-event-wild-dogs/217972>

³⁸ "How right-wing media are elevating conspiracy theories about the Las Vegas shooting," *Media Matters for America*, 5 October 2017, <https://www.mediamatters.org/blog/2017/10/05/how-right-wing-media-are-elevating-conspiracy-theories-a bout-las-vegas-shooting/218144>

Trump.³⁹ This openly partisan behavior, relatively normal for a Fox personality,⁴⁰ wouldn't come close to passing muster at any other U.S. network.

Alongside Ingraham and Carlson in prime time is Hannity, President Trump's most loyal media sycophant and a serial misinformer. Hannity uses his show as a platform to defend the president and attack those he disagrees with, especially what he calls the mainstream media. At every step of the way, Hannity has cheered on Trump's swipes at the media and a free press. According to a *Media Matters* analysis, Hannity criticized the press in 55 of 61 monologues from 15 May to 1 September 2017. He's mentioned "fake news" 67 times, claimed that the press has an anti-Trump "double standard" in 14 monologues, and accused the press of "colluding" with Hillary Clinton's 2016 presidential campaign in 10.⁴¹ Hannity has also used his show to echo the president's support for white nationalists and neo-Nazis in Charlottesville, VA, and undermine the rule of law regarding the ongoing investigations into potential collusion between the Russian government and the Trump campaign.⁴² ⁴³ According to the *Los Angeles Times*, Hannity and President Trump often talk by phone and the president makes policy choices based on Hannity's recommendations.⁴⁴

Fox News' latest prime-time host lineup portends an even more explicit pro-Trump bias on the network in the near future⁴⁵ and demonstrates 21C Fox's lack of commitment to impartiality.

³⁹ "Kelli Ward for Senate Kickoff Event, Featuring National Syndicated Radio Host Laura Ingraham," Dr. Kelli Ward for U.S. Senate campaign site,

<https://kelliward.com/events/kelli-ward-for-senate-kickoff-event-featuring-laura-ingraham>

⁴⁰ "REPORT: More than 30 Fox Newscasters support GOP in 600-plus instances during midterms," *Media Matters for America*, 27 October 2010,

<https://www.mediamatters.org/research/2010/10/27/report-more-than-30-fox-newscasters-support-gop-in/184095>

⁴¹ "Study: Sean Hannity and the five forces he says are trying to destroy Trump," *Media Matters for America*, 11 October 2017,

<https://www.mediamatters.org/blog/2017/10/11/study-sean-hannity-and-five-forces-he-says-are-trying-destroy-trump/218192>

⁴² "How Sean Hannity's Charlottesville Propaganda Works," *Media Matters for America*, 15 August 2017,

<https://www.mediamatters.org/blog/2017/08/15/how-sean-hannitys-charlottesville-propaganda-works/217635>

⁴³ "Study: Hannity's treatment of Trump's Russia scandal takes an authoritarian form," *Media Matters for America*, 9 October 2017,

<https://www.mediamatters.org/blog/2017/10/09/study-hannity-s-treatment-trumps-russia-scandal-takes-authoritarian-turn/218177>

⁴⁴ Noah Bierman, Cathleen Decker and Brian Bennett, "Trump unleashes himself from would-be handlers, lashing out mornings, nights, and weekends," *Los Angeles Times*, 10 October 2017,

<http://www.latimes.com/politics/la-na-pol-trump-kelly-20171010-story.html>

⁴⁵ "Fox News' new prime-time lineup prepares to remake the GOP in Trump's image," *Media Matters for America*, 17 October 2017,

<https://www.mediamatters.org/blog/2017/10/17/fox-news-new-prime-time-lineup-prepares-remake-gop-trumps-image/218236>

Conflicts of interest

In addition to political conflicts of interest, Fox News is saturated with hosts and contributors who have other conflicts of interest that impact the tenor and posture of its programming on a wide range of issues. Examples of this include:

- Host Tucker Carlson is the founder of the right-wing “news” site The Daily Caller, which was used to heap scorn on former Fox host Gretchen Carlson after she came forward with sexual harassment allegations against the network.⁴⁶ Carlson and The Daily Caller had a vested interest in protecting the image of Fox News by questioning and attacking Gretchen Carlson, but in recent weeks, he slammed NBC News for not publishing an investigation of Harvey Weinstein and the sexual harassment allegations brought against the movie giant.⁴⁷ Similarly, new Fox News prime-time host Laura Ingraham is the founder and editor-in-chief of Lifezette -- a conservative-leaning outlet that has a sizable audience online -- which raises concerns about future conflicts of interest as her new prime-time Fox News show gets underway.⁴⁸
- In the wake of the Las Vegas shooting massacre, Hannity, alongside other right-wing radio hosts, acted as paid pitch people for a company that promises to help train members how to use guns to “survive a mass shooting.” Hannity has been especially vocal about the U.S. Concealed Carry Association (USCCA) and used the Vegas shooting to shill for it on his radio program. Hannity has repeatedly pushed USCCA membership and the association’s policy positions on air. He has especially used his Fox News programs to advocate for concealed carry without any disclosure of his financial relationship with the association.⁴⁹
- Hannity also has ties to an ongoing campaign against imposing tariffs on solar imports. On 17 October 2017, the Solar Energy Industries Association trade group tweeted an advertisement that Hannity had voiced on its behalf to assert that such tariffs would threaten job growth in the U.S.⁵⁰

⁴⁶ Erik Wemple, “On Weinstein coverage, Fox News summits the Everest of hypocrisy,” *The Washington Post*, 16 October 2017,

https://www.washingtonpost.com/blogs/erik-wemple/wp/2017/10/16/on-weinstein-coverage-fox-news-summits-the-everest-of-hypocrisy/?utm_term=.7a3c2efb8320

⁴⁷ *ibid*

⁴⁸ <https://www.lifezette.com/editor/laura-ingraham/>

⁴⁹ “Right-wing hosts like Sean Hannity get paid to pitch guns as a way to ‘survive a mass shooting,’” *Media Matters for America*, 6 October 2017,

<https://www.mediamatters.org/blog/2017/10/06/right-wing-hosts-sean-hannity-get-paid-pitch-guns-way-survive-mass-shooting/218160>

⁵⁰ Chris Martin and Brian Eckhouse, “Solar Finds Unexpected Champion in Hannity,” Bloomberg, 18 October 2017,

<https://www.bloomberg.com/news/articles/2017-10-18/solar-finds-unexpected-champion-with-ad-by-trump-s-pal-hannity>

- One of Fox News' go-to military analysts, Retired Gen. John "Jack" Keane, regularly advocates for more money to buy ships and vehicles for the United States military on the network.⁵¹ Left unsaid is that Keane is on the board of directors for General Dynamics, a defense contractor that receives significant revenue building those combat machines for the military.⁵²
- Fox News and Fox Business, on the airwaves and online, have allowed contributor Newt Gingrich to advocate for for-profit colleges and promote anti-union legislation without disclosing that he is paid thousands of U.S. dollars by relevant special interest groups.^{53 54}

Latest evidence of 21C Fox's lacking commitment to due accuracy, exclusion of offensive material

Since our last correspondence on 23 August 2017 with Ofcom (see appendix), Fox News and other 21C Fox-owned broadcast outlets have demonstrated no improvement in reporting news with due accuracy and excluding offensive material across the network's programmes. In addition to the egregious story targeting Seth Rich and other examples above, here are several more prominent examples:

- Fox News and Fox Business hosts have recently mischaracterized a key subsidy under the Affordable Care Act (the latest landmark health care reform bill in the U.S.) that helps low-income Americans purchase health insurance as a "bailout" for the insurance industry to defend President Trump's decision to cease making the payments.⁵⁵ Fact-checkers have debunked this characterization of these payments, and experts note that failure to make these payments could wreak havoc on the insurance industry and cost the federal government billions of

⁵¹ "Fox hides that frequent military spending advocate is a defense contractor director," *Media Matters for America*, 31 August 2017, <https://www.mediamatters.org/blog/2017/08/31/fox-hides-frequent-military-spending-advocate-defense-contractor-director/217815>

⁵² *ibid*

⁵³ "Newt Gingrich used Fox position to push for-profit colleges without disclosing conflict of interest," *Media Matters for America*, 6 September 2017, <https://www.mediamatters.org/blog/2017/09/06/newt-gingrich-used-fox-position-push-profit-colleges-without-disclosing-conflict-interest/217852>

⁵⁴ "Fox News hides Newt Gingrich's six-figure conflict of interest in anti-union commentary," *Media Matters for America*, 4 March 2016, <https://www.mediamatters.org/blog/2016/03/04/fox-news-hides-newt-gingrichs-six-figure-conflict-of-interest/209023>

⁵⁵ "Right-wing media falsely call crucial ACA subsidies 'bailouts' to defend Trump's decision to halt them," *Media Matters for America*, 19 October 2017, <https://www.mediamatters.org/research/2017/10/19/right-wing-media-falsely-call-crucial-aca-subsidies-bailouts-defend-trumps-decision-halt-them/218260>

dollars.⁵⁶

- On 17 October 2017, continuing his coverage of the Las Vegas massacre, Tucker Carlson parroted a far-right internet conspiracy theorist, Laura Loomer, who baselessly claimed Mandalay Bay security guard Jesus Campos -- who helped police find the gunman's location -- worked under someone else's Social Security number.⁵⁷ Carlson then had to issue a correction for the claim.⁵⁸ This followed a 5 October 2017 segment in which Carlson was corrected on air by Nevada Attorney General Adam Laxalt after the host falsely claimed that Las Vegas authorities believed that the gunman had an accomplice.⁵⁹
- On 13 October 2017, Fox News military analyst retired Gen. Jack Keane falsely claimed that there was a consensus among President Trump and his top advisers that Iran was not meeting the strategic concerns or the spirit of the Iran Deal. In reality, three of President Trump's top advisers have confirmed that Iran is in compliance with the deal and that it is in the strategic interest of the U.S. to remain in the deal.⁶⁰
- Fox News' *Fox News Tonight*, *The Story With Martha MacCallum*, and *Fox & Friends* recently hosted U.S. Rep. Marsha Blackburn (R-TN), whose campaign for a seat in the Senate was temporarily prevented by Twitter from promoting an ad that pushed false information about health care provider Planned Parenthood Federation of America. In the video, Blackburn alleged that she "fought Planned Parenthood, and we stopped the sale of baby body parts" in reference to her time as chair of the House Select Investigative Panel on Infant Lives -- which was convened following the release of the anti-abortion Center for Medical Progress' (CMP) deceptively edited videos about Planned Parenthood. Fox News hosts allowed her to not only promote the ad, but also to repeat without challenge false

⁵⁶ *ibid*

⁵⁷ "Tucker Carlson forced to issue correction after Mandalay Bay shuts down conspiracy theory that injured guard worked under false Social Security number," *Media Matters for America*, 19 October 2017, <https://www.mediamatters.org/blog/2017/10/19/tucker-carlson-forced-issue-correction-after-mandalay-bay-shuts-down-conspiracy-theory-injured-guard/218256>

⁵⁸ *Ibid*

⁵⁹ "Nevada Attorney General corrects Fox News reporter's misleading claim about the Las Vegas shooter," *Media Matters for America*, 5 October 2017, <https://www.mediamatters.org/blog/2017/10/05/nevada-attorney-general-corrects-fox-news-reporter-s-misleading-claim-about-las-vegas-shooter/218156>

⁶⁰ "Fox analyst blatantly lies about top military officials who say the Iran deal is working," *Media Matters for America*, 13 October 2017, <https://www.mediamatters.org/video/2017/10/13/fox-analyst-blatantly-lies-about-top-military-officials-who-say-iran-deal-working/218221>

claims about the health care provider from CMP.⁶¹

- On the 30 September 2017 broadcast of *America's News Headquarters*, Fox News correspondent Julie Banderas pushed the false claim that supplies for hurricane relief in Puerto Rico had not been distributed because truck drivers there were on strike. The storyline was later debunked by Fox News host Shepard Smith,⁶² but it was left unaddressed on *America's News Headquarters* the following day.
- On the 6 September 2017 edition of Fox News' *The Five*, Fox News host Greg Gutfeld promoted the false suggestion that despite the Southern Poverty Law Center's (SPLC) long-standing reputation as one of the country's leading civil rights organizations, it "provided just 61 grand in legal assistance" in 2015. In reality, the SPLC spent over 1.8 million in U.S. dollars on "case cost expense" and over 15 million U.S. dollars on "initiatives on behalf of its clients that were directed by its legal services" that year, according to the organization and its federal 990 form. Gutfeld was repeating a botched August 31 analysis of the SPLC's 2015 tax return by the right-wing *Washington Free Beacon*, which remains uncorrected.⁶³
- Fox News has also continued its long track record of pushing sexist, anti-immigrant, racist, anti-Muslim rhetoric and stories that fearmonger about multiculturalism and diversity. Network hosts and contributors have attempted to undermine the credibility of women who reported O'Reilly and other former Fox News employees for sexual harassment⁶⁴; attacked National Football League players for protesting racial disparities and injustice⁶⁵; claimed that there's a "direct link" between terrorism and the number of people allowed in a country

⁶¹ "Fox News has a long history of pushing the Center for Medical Progress' anti-abortion lies," *Media Matters for America*, 13 October 2017, <https://www.mediamatters.org/research/2017/10/13/fox-news-has-long-history-pushing-center-medical-progress-anti-abortion-lies/218219>

⁶² "Watch Fox's Shep Smith debunk a false claim about Puerto Rican truck drivers that was pushed by his own network," *Media Matters for America*, 4 October 2017, <https://www.mediamatters.org/video/2017/10/04/Watch-Foxs-Shepard-Smith-debunk-a-false-claim-about-Puerto-Rican-truck-drivers-that-was-pu/218129>

⁶³ "Southern Poverty Law Center calls on Fox to correct 'inaccurate' and 'irresponsible' segment about the organization," *Media Matters for America*, 8 September 2017, <https://www.mediamatters.org/blog/2017/09/08/southern-poverty-law-center-calls-fox-correct-inaccurate-and-irresponsible-segment-about/217891>

⁶⁴ "Hannity goes rogue, helping O'Reilly attack the women who reported him for sexual harassment and asking him to return to Fox," *Media Matters for America*, 18 September 2017, <https://www.mediamatters.org/blog/2017/09/18/hannity-goes-rogue-helping-oreilly-attack-women-who-reported-him-sexual-harassment-and-asking-him/217965>

⁶⁵ "Fox contributor: NFL protesters 'ought to be thanking God' they're 'free from the worry of being shot in the head for taking a knee'," *Media Matters for America*, 25 September 2017, <https://www.mediamatters.org/video/2017/09/25/fox-contributor-nfl-protesters-ought-be-thanking-god-they-re-free-worry-being-shot-head-taking-knee/218024>

from different religions and cultures”⁶⁶; shilled for President Trump’s Muslim ban in the wake of the most recent terror attack in London⁶⁷; proposed mass deportation to address overcrowding in U.S. prisons⁶⁸; and entertained the false claim that immigrants are illegally voting.⁶⁹

See appendix for additional examples of 21C Fox media outlets fabricating claims and distortions in 2017 and previous years, including the claim that the city of Birmingham in the U.K. is “totally Muslim” and a place “where non-Muslims just simply don’t go in”⁷⁰ and that the Government Communications Headquarters (GCHQ) spied on Trump on behalf of then President Barack Obama.⁷¹

Recommended areas for further exploration by CMA Inquiry group

The following are recommendations for the CMA Inquiry group’s consideration, including that it request further information from 21C Fox about the status of existing internal investigations and company policies:

- **Status of Seth Rich internal investigation** -- According to CNN’s Oliver Darcy, more than two months after the FoxNews.com story regarding the murdered DNC staffer was retracted, Fox News still claimed to be investigating what happened.⁷² Asked by CNN why no one has been held accountable for this

⁶⁶ “Nigel Farage: There’s a ‘direct link’ between terrorism and number of people from different religions and cultures allowed in a country,” *Media Matters for America*, 17 August 2017
<https://www.mediamatters.org/video/2017/08/17/nigel-farage-theres-direct-link-between-terrorism-and-number-people-different-religions-and-cultures/217687>

⁶⁷ “Fox News promotes Trump’s use of London attack to push Muslim ban,” *Media Matters for America*, 15 September 2017,
<https://www.mediamatters.org/video/2017/09/15/Fox-News-promotes-Trumps-use-of-London-attack-to-push-Muslim-ban/217952>

⁶⁸ “Tucker Carlson’s solution to California’s overcrowded prisons: Deportation,” *Media Matters for America*, 7 September 2017,
<https://www.mediamatters.org/video/2017/09/07/tucker-carlsons-solution-californias-overcrowded-prisons-deportation/217879>

⁶⁹ “Trump election commission member and conspiracy theorist J. Christian Adams fearmongers about immigrants mistakenly voting in Philadelphia,” *Media Matters for America*, 13 October 2017,
<https://www.mediamatters.org/video/2017/10/13/trump-election-commission-member-and-conspiracy-theorist-j-christian-adams-fearmongers-about/218217>

⁷⁰ Dylan Stableford, “Fox News apologizes for terror expert’s ‘totally Muslim’ claim,” Yahoo News, 18 Jan. 2015,
<https://www.yahoo.com/news/fox-news-apologizes-muslim-only-city-birmingham-uk-154509889.html>.

⁷¹ Steven Swinford, “Donald Trump fuels diplomatic row with Britain after apology from US officials over GCHQ wiretapping claims”, Telegraph, March 18 2017
<http://www.telegraph.co.uk/news/2017/03/17/us-makes-formal-apology-britain-white-house-accuses-gchq-wiretapping/>.

⁷² Oliver Darcy, “Confusion, anger inside Fox News over lack of answers in network’s Seth Rich probe,” CNN Money, 2 August 2017,
<http://money.cnn.com/2017/08/02/media/fox-news-seth-rich-investigation/index.html>

egregious mistake so far, one Fox News employee said, “No one knows. This is like a huge question mark internally. This is a giant mystery.”⁷³ The delayed accountability is another window into the Murdochs’ failure to enforce standards swiftly and effectively. We recommend that the CMA request documents and other evidence from 21C Fox about the status of this internal investigation.

- **Status of internal investigation, assessment of Fox News workplace harassment and discrimination** -- 21C Fox and Fox News have yet to report the findings of their alleged internal investigation into network-wide sexual harassment and racial discrimination. The investigation allegedly began over a year ago after Ailes was forced out from the network. We ask the Inquiry group to seek a more in-depth update on the status of this investigation, whether 21C Fox plans to pursue a more comprehensive investigation, and how the network plans to change the toxic culture in light of the evidence suggesting otherwise above.
- **Status and efficacy of “new compliance process for Fox News with effect from 15 May 2017”** -- Ofcom noted in its 20 June 2017 report to Secretary Bradley that Fox News introduced new arrangements to ensure compliance with broadcasting code in response to its recommendations.⁷⁴ We ask the Inquiry group to seek an in-depth update from the bidder on the status of these compliance arrangements and how they have impacted coverage on the network.
- **Status of federal investigation into Fox News’ handling of harassment settlements** -- CNN reported that in February 2017 the Department of Justice was investigating Fox News for “settlements made with women who alleged sexual harassment by former Fox News boss Roger Ailes, and questions about whether Fox had a duty to inform shareholders about the settlement payments.”⁷⁵ CNN then reported in April that investigators are “probing possible misconduct by Fox News personnel and asking questions about the overall environment at the network.”⁷⁶ We ask the Inquiry group to seek whatever information can be made available by the Department of Justice on the status of this investigation.

Conclusion: A 21C Fox takeover of Sky is a threat to British media landscape and democracy

21C Fox and the Murdochs have yet to demonstrate a genuine commitment to responsible corporate governance and compliance with British broadcasting standards.

⁷³ *ibid*

⁷⁴ “Public interest test for the proposed acquisition of Sky plc by 21st Century Fox, Inc,” Ofcom, 20 June 2017, https://www.ofcom.org.uk/__data/assets/pdf_file/0012/103620/public-interest-test-report.pdf

⁷⁵ Brian Stelter, “Exclusive: Federal probe of Fox News expands,” CNN Money, 27 April 2017, <http://money.cnn.com/2017/04/27/media/fox-news-federal-investigation/index.html>

⁷⁶ *ibid*

Per the latest evidence shared above and what we and other third parties have shared since Phase 1 of the investigation, it is clear that for the Murdochs and their companies, profit and public image -- not the public interest -- come first. A full 21C Fox takeover of Sky PLC will have devastating consequences for the British media landscape and democracy.

Rupert Murdoch has expressed explicit desire for Sky News to become more like Fox News.⁷⁷ If 21C Fox were to take on sole ownership of Sky, he and his sons would have the power to reshape Sky in Fox's image. Their reckless approach to corporate governance -- including their recently uncovered active effort to suppress public scrutiny of Fox News' widespread sexual harassment epidemic⁷⁸ -- portends a damage-control-only compliance with British standards and regulations. Only when faced with public scrutiny or threats to their advertising revenue do 21C Fox and the Murdochs take action. And in no instance has that action been adequate in addressing the larger issues at hand.

Persistent political bias, misinformation and offensive content on Fox News and Fox Business demonstrate a disregard for broadcasting standards as set out in the Communications Act of 2003. Fact-free and politically biased content presented as "news" can have a harmful impact on Britain's public debate, just as it has in the U.S. The Murdochs have demonstrated no commitment to a course correction in Fox News' editorial direction. Rupert Murdoch said it would be "business suicide" to do just that.⁷⁹

We ask that the CMA Inquiry group consider all of the evidence and recommendations detailed above in Phase 2 of this critical investigation.

⁷⁷ Owen Gibson, "Murdoch wants Sky News to be more like rightwing Fox," *The Guardian*, 24 November 2007, <https://www.theguardian.com/media/2007/nov/24/bskyb.television>

⁷⁸ Emily Steel and Michael S. Schmidt, "O'Reilly Settled New Harassment Claim, Then Fox Renewed His Contract," *The New York Times*, 21 October 2017, <https://www.nytimes.com/2017/10/21/business/media/bill-oreilly-sexual-harassment.html>

⁷⁹ Brian Stelter, "Fox News fans pessimistic about the country, and Clinton," *CNN Money*, 28 October 2016, <http://money.cnn.com/2016/10/28/media/fox-news-conservative-media-poll/>

Appendix

Media Matters' submissions related to proposed Fox-Sky merger - Phase 1 of investigation

Submission to the Secretary of State

- Joint submission with Avaaz to the Secretary of State DCMS: "Murdoch, the Fox Effect and Trump: How the Sky takeover could poison Britain's public debate" [[15 March 2017](#)]

Submission to Ofcom

- Joint submission with Avaaz to Ofcom: "Murdoch's Fox Effect: How full ownership of Sky risks undermining British broadcasting standards" [[30 March 2017](#)]

Correspondence

- Letter to Ofcom re: investigation into proposed takeover of Sky PLC by 21C Fox [[13 July 2017](#)]
- Letter to Ofcom re: Sec. Karen Bradley's request for clarification into Ofcom's assessment of 21C Fox's Sky bid [[23 August 2017](#)]

Public statements in response to key Phase 1 investigation developments

- *Media Matters'* response to Secretary Bradley's 29 July 2017 announcement that she was minded to refer 21C Fox's bid to the CMA on media plurality grounds [[29 June 2017](#)]
- *Media Matters'* response to Secretary Bradley's 12 September 2017 announcement that she was minded to refer 21C Fox's bid to the CMA on both broadcasting and media plurality grounds [[12 September 2017](#)]