

Karen Bradley  
Secretary of State for Culture, Media and Sport  
100 Parliament Street  
London  
SW1A 2BQ

23 June 2017,

Dear Secretary of State,

We are writing to you from Avaaz, the Global citizens campaign movement with over 44 million members across the world, including 1.7 million British citizens. Many congratulations on your recent re-election, with an increased majority. We wish you all the best in your return to the House of Commons and to DCMS.

We write to strongly urge you to refer the bid for Sky for further investigation. We and others have sent hundreds of pages of evidence to Ofcom urging this outcome. And we are optimistic that both Ofcom, and you, will conclude on the basis of this evidence that the potential merger raises significant concerns, and that you will do everything in your powers to protect the public interest.

This letter is a follow-up to our previous letters of 16th December and 8th March via Hausfeld. It summarises and updates the evidence which we have provided Ofcom in writing and verbally, and provides additional context for your decision.

**Persistent corporate governance failings threaten broadcasting standards**

We welcome both your and Ofcom's clarifications that an assessment of corporate governance will play a part in both the Broadcasting Standards public interest test and in the 'Fit and Proper' test. We would like to draw your attention to a misleading claim by the parties on this issue.

In their briefing to you on 20 December 2016, 21st Century Fox's lawyers said that the company has "adopted strong governance measures and controls to ensure it meets the highest standards of corporate conduct". Established in 2012, not long after the full extent of the phone hacking scandal came to light, these include "a global compliance steering committee [to] provide for the rapid escalation of material issues from individual businesses through the compliance steering committee to the independent directors of the Audit Committee and the full Board."

This new system appears to be an abject failure. Employees do not trust this compliance committee, nor the sexual harassment phone line that was set up in the last few months. And with good reason: Jessica Golloher sent an email to Fox's lawyers saying she wanted to complain about unlawful discrimination, and was fired less than 24 hours later. Over 30 employees at Fox News were recently forced to take legal action to reveal the staggering scale of sexual exploitation and racial abuse taking place inside Fox.

This emerging scandal, and the denials and obstruction by senior people at Fox, are analogous to the industrial-scale phone hacking in the UK. Fox also faces a new phone hacking lawsuit for illegal surveillance of leading anchor Andrea Tantaros, who has complained of sexual harassment. Rupert Murdoch is directly implicated in this, as he has been acting as CEO at Fox News since former CEO Roger Ailes was ousted in July 2016.

### **Court cases will deliver additional material evidence in the coming months**

Ofcom's recommendations on corporate governance, as well as their judgement on fitness and propriety, may be overtaken by new information in the coming months. A Competition and Markets Authority Phase II investigation would allow the government to access vital new information before it makes its final decisions on this deal.

For example, a phone hacking case by 91 people against The Sun is scheduled to begin in October 2017. Evidence from this case may demonstrate that James Murdoch knew about hacking far earlier than he has so far admitted, or that he ordered the deletion of millions of emails while under a court order to preserve evidence.

This case already demonstrates the Murdochs' disregard for the law. On 13 June, Justice Mann ordered the Murdoch-owned division of News Group to disclose invoices for the use of private investigators that may have hacked phones or otherwise unlawfully obtained personal information. Justice Mann pointed out an "unfortunate history to this part of the case" because News Group previously said it did not have any relevant invoices at all.

Meanwhile in the US, a range of sexual and racial harassment cases are coming. Evidence from these will call into question several aspects of corporate governance. Perhaps most importantly, the Attorney General's office in New York and the US Postal Inspection Service, which specialise in mail and wire fraud, have opened an investigation into why secret settlements to victims of abuse were not disclosed to regulatory authorities and whether they were actively, illegally, disguised.

### **UK broadcasting standards are at risk**

It is well known that the Murdochs have leveraged their UK newspapers to spread dangerous and divisive messages, for example about Muslims and refugees, and to meddle in British politics. Fox News also has a long track record of spreading smears and lies in support of its political position. From promoting the tea party movement in 2009 to pushing endless smears targeting President Obama's citizenship, the network has polarised American public opinion and paved the way for the mainstreaming of "post-truth" politics. Murdoch has clearly indicated that he wants Sky News to become more like Fox News, a transformation that has taken place in Australia in the last year after Murdoch staged a full takeover there. As he has a history of undermining regulatory structures to suit his agenda, we fear that our existing broadcasting regulations would soon be in danger from a strengthened Murdoch empire, and both the quality of Sky News, and the public interest, would suffer.

### **The deal would significantly reduce media plurality**

We welcome your acknowledgement of our preliminary briefing, produced with the Media Reform Coalition, on media plurality, in the letter from your Deputy Director of Media Policy of 3 March 2017. The public is rightly concerned about the impact a Fox takeover would have on media plurality in the UK. If the deal goes ahead, News Corporation and 21st Century Fox would together own an unacceptable share of the media. These two companies should be considered together because, although they are separate listed companies, ultimate control of both rests with the Murdoch family. If the Sky takeover is approved, the Murdoch's would exercise effective control over the:

- Largest newspaper provider in the UK
- Second largest provider of radio content
- Third largest TV news provider

- Fourth largest online news provider.

These dominant media positions already give Rupert Murdoch a massive ability to shape public opinion, and disproportionate access to people in power. To mention just two examples, Rupert Murdoch reportedly speaks to President Donald Trump every day, and Theresa May took time on her first visit to the US as PM to meet Rupert Murdoch last September. This power would be increased if he were allowed to take over the rest of Sky.

**A large majority of the British public are concerned about the deal**

The British public have serious concerns about the Murdochs' businesses. A YouGov poll carried out in March 2017 showed that an overwhelming majority (78%) said they did not trust Rupert Murdoch. Crucially, 69% said they did not want Sky to be taken over by Fox. Additionally, over 70,000 citizens have signed a petition to you, expressing concern about the reach and influence of the Murdoch media and requesting a thorough review of the Sky bid.

**You must refer the deal to a CMA Phase 2 investigation**

Since your 2 March 2017 letter to 21st Century Fox in which you said that, "the identified failures of corporate governance were serious," there have been a wide array of new revelations about unacceptable conduct at both Fox News in America and The Sun newspaper in the UK.

You now have the power and responsibility to demand further investigation. As you hear arguments in favour of accepting the bid now, including the possibility of undertakings in lieu, we urge you to keep Rupert Murdoch's own words very clearly in mind: "You tell these bloody politicians whatever they want to hear and once the deal is done you don't worry about it. They're not going to chase after you later if they suddenly decide what you said wasn't what they wanted to hear."

On 4 July 2017, it will be 6 years since the revelation that Milly Dowler's phone was hacked. The shock and outrage at that time led to a unanimous House of Commons vote against Rupert Murdoch's bid to take full possession of Sky. When you became Culture Secretary, one of the earliest meetings you held was with the victims of press abuse and phone hacking. We urge you to keep these people in the front of your mind when you take your decision on what to do next, a decision with consequences for our democracy and society that will far outlive this parliament.

We remain ready to send you any further information that would aid your decision-making and would welcome a meeting with you soon to discuss these issues in further detail.

Sincerely,



Meredith Alexander

Campaigns Director, Avaaz