

Fox Gets Exact Decision It Didn't Want on Sky Deal

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By Leon
Lazaroff

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This wasn't the plan.

Ten months ago, Rupert Murdoch's Twenty-First Century Fox Inc. ([FOXA - Get Report](#)) announced an agreement to acquire the 61% of British pay-TV giant Sky plc that it didn't already own in a transaction valued at £11.7 billion (\$15.4 billion). The Murdochs have wanted to own all of Sky for years but were thwarted in 2011 after U.K. newspapers they owned were shown to have illegally obtained voice mails of celebrities, politicians and crime victims, including a [murdered girl](#).

Some six years later, the Murdochs are once again having to deflect attention about the internal workings of their company as they pursue the same goal of taking full ownership of a cable TV and internet provider that spans the U.K., Ireland, Germany, Austria and Italy.

The U.K. regulator known as the Competition and Markets Authority said on Tuesday, Oct. 10, that [it would examine](#) the company's treatment of its employees both in the U.K. and in other countries amid a wider assessment of its corporate governance practices. In effect, this could include an examination of the company's conduct in connection with a sexual harassment lawsuit that led to the ouster of former Fox News chairman Roger Ailes, who [died in May](#), as well as a series of [harassment settlements](#) the company made on behalf of Bill O'Reilly, the former Fox News host who [was forced out](#) in April.

In response, Fox said it welcomed the investigation, notwithstanding months of declarations from the elder Murdoch's sons, CEO James Murdoch and co-executive chairman Lachlan Murdoch, that such a probe was unnecessary and not germane to the proposed deal.

"21st Century Fox welcomes the publication by the Competition and Markets Authority (CMA) of the Issues Statement," the company said via email. "We look forward to the CMA process and engaging in a thorough and constructive review."

But despite Fox's best efforts to avoid a full inquiry, that's where things are headed.

The CMA said it will accept public comment regarding Fox's "genuine commitment" to broadcasting standards and, crucially, whether taking full ownership of Sky would reduce media plurality and access to differing voices. The CMA also said it contacted Ofcom, the government's separate media regulator, to ask for information and factual and technical assistance.

The CMA investigation could take as long as six months, when its recommendation would be sent to Culture Secretary Karen Bradley for her decision.

By opening up a full review into the company's oversight of employees, U.K. authorities may be able to gain access to information that current and former employees have been unable to make public because of nondisclosure agreements signed as a prerequisite to being hired at Fox, said Doug Wigdor, a Wigdor LLP lawyer for 22 current and former Fox News employees who have made sexual and racial harassment complaints against the network.

"Before any purchase is consummated, the regulator should be dealing with a full set of facts and information," said Wigdor, who traveled earlier this year to meet with U.K. regulators. "The unfortunate reality is that there are so many people who are subject to nondisclosure agreements for which the CMA will never hear from or even understand what their allegations are."

Wigdor called on the CMA to require that Fox release anyone who is subject to a nondisclosure agreement so that they can "speak freely."

Last month, James Murdoch said he expected the Sky deal to close in mid-2018, a timeline that still could be met despite the CMA's investigation.