

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FILED/ACCEPTED
AUG 22 2012
Federal Communications Commission
Office of the Secretary

In the Matter of)
)
Application for Renewal of)
Broadcast Station Licenses of)
)
Fox Television Stations, Inc.)
For Renewal of Station License WTTG,) File No. BRCDT - 20120531AKE
Washington, D.C.) (Facility No. 22207)
)
Fox Television Stations, Inc.)
For Renewal of Station License WDCA,) File No. BRCDT - 20120531AKK
Washington, D.C.) (Facility No. 51567)
)
Fox Television Stations, Inc.)
For Renewal of Station License WUTB,) File No. BRCDT - 20120531AJL
Baltimore, M.D.) (Facility No. 60552)
)

**PETITION TO DENY LICENSE RENEWALS AND FOR OTHER RELIEF OF
CITIZENS FOR RESPONSIBILITY AND ETHICS IN WASHINGTON,
MELANIE SLOAN AND JEREMY MILLER**

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SUMMARY

Citizens for Responsibility and Ethics in Washington (“CREW”), Melanie Sloan, and Jeremy Miller (“individual petitioners”) hereby petition the Federal Communications Commission (“the Commission” or “FCC”) to deny the license renewal applications of three Fox Television broadcast stations (“Fox”) operating in the District of Columbia and Maryland that are owned and controlled by News Corporation (“News Corp.”) and News Corp. Chairman and Chief Executive Officer Rupert Murdoch. The public interest demands that these licenses not be renewed. News Corp. and Mr. Murdoch have engaged in a pattern of egregious, unlawful, and conscience-shocking behavior that demonstrates beyond reasonable doubt News Corps. subsidiary Fox lacks the requisite character to hold broadcast licenses here in the United States. In the face of the overwhelming evidence of its bad character, the FCC, at a minimum, must conduct an evidentiary hearing that examines the full scope and gravity of the behavior of News Corp. and Mr. Murdoch while engaged in media activities.

CREW is a non-profit, non-partisan corporation organized under section 501(c)(3) of the Internal Revenue Code.¹ CREW brings this petition on its own behalf and on behalf of the individuals it represents who reside in the service areas of the applicants. Those individuals include CREW Executive Director Melanie Sloan, who is a resident of the District of Columbia, and CREW Policy Director Jeremy Miller, who is a resident of Baltimore, Maryland. Both individual petitioners watch Fox television in both their professional and personal capacities, and both are concerned about and harmed by the effect of the bad character of News Corp. and Rupert Murdoch on the three broadcast stations seeking renewal: WTTG Washington, D.C.;

¹ For more information, go to <http://www.citizensforethics.org>.

WDCA Washington, D.C.; and WUTB Baltimore, Maryland (“captioned broadcast licenses”).² Accordingly, petitioners are parties in interest within the meaning of 47 U.S.C. § 309(d)(1).

As demonstrated herein, CREW and the individual petitioners have made out a *prima facie* case that the licensees have not served the public interest over the past license term. As a necessary consequence, the license renewal applications filed by Fox Television Stations, Inc. for WTTG, Washington, D.C., WDCA, Washington, D.C., and WUTB, Baltimore, Maryland must be designated for hearing, and should not be renewed after considering all of the relevant evidence. Specifically, News Corp. and Rupert Murdoch have committed egregious violations of law during the preceding license term here and in the United Kingdom that include illicit payments by News Corp. employees to British public officials in violation of the Foreign Corrupt Practices Act, lying under oath, and allegations News Corp. hacked into voicemails of 9/11 victims that currently are the subject of a criminal investigation in the United States.

The criminal conduct of News Corp. demonstrates that Fox lacks the character qualifications required of a licensee. Though the crimes were not directly broadcast related, individuals in News Corp.’s chain of responsibility were involved in the misconduct and their behavior related directly to their roles as members of the news media. In addition, a number of criminal investigations and civil lawsuits alleging violations in Great Britain and the United States are ongoing. Some of these investigations have led to criminal indictments, and News Corp. has admitted liability in a number of civil cases related to allegations of phone hacking, and has settled many of them. Certainly, this affects the ability of News Corp. to deal truthfully

² See Declaration of Melanie Sloan, ¶¶ 4-7 (attached as Exhibit A); Declaration of Jeremy Miller, ¶¶ 3-4 (attached as Exhibit B).

with the Commission and to comply with its rules and policies, and reflects negatively on the character of News Corp. and its wholly owned subsidiary Fox. At a minimum, this evidence raises a substantial and material question of fact concerning the character qualifications of News Corp.

In short, the behavior of News Corp. cumulatively amounts to a pattern of abuse and a betrayal of the public interest, convenience, and necessity. As a consequence, Fox is unsuitable to remain a licensee. Thus, a hearing is required under the Commission's established policies.

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PETITION TO DENY LICENSE RENEWALS AND FOR OTHER RELIEF

**I. STANDARDS FOR REVIEWING CHARACTER QUALIFICATIONS
IN BROADCAST LICENSING.**

The Communications Act of 1934, as amended, directs the Commission to grant a broadcast license application only when, after examining the application and considering such other matters as the Commission may officially notice, it finds granting the application would serve the public interest, convenience, and necessity.³ The scope of this standard extends beyond the technical aspects of broadcasting⁴ to embrace the interest of the listening public in the larger

³ See 47 U.S.C. § 309(a).

⁴ 1981 Policy Regarding Character Qualifications in Broadcast Licensing, 87 F.C.C.2d 836, 838 (1981) (“1981 Policy”).

and more effective use of broadcast media.⁵ Accordingly, “broadcasting has been considered a business ‘impressed with the public interest,’ and broadcasters have been held accountable to the listening public for their performance.”⁶

Any party in interest may file a petition to deny a license application with the Commission.⁷ A petition to deny must contain specific allegations of fact sufficient to make a *prima facie* showing that granting the application would be inconsistent with the public interest, convenience, and necessity.⁸ In response to such a petition, the Commission engages in a two-step test.⁹ At the first step, the inquiry is “much like that performed by a trial judge considering a motion for a directed verdict: if all the supporting facts alleged in the affidavits were true, could a reasonable factfinder conclude that the ultimate fact in dispute had been established.”¹⁰ If this threshold standard is satisfied, the inquiry proceeds to the second step to determine ““on the basis of the application, the pleadings filed, or other matters which it may officially notice[,] . . . [whether] a substantial and material question is presented.””¹¹ Should the Commission conclude such a question of fact has been raised, or if it cannot, for any reason, find granting the application would be consistent with the public interest, it should conduct a hearing in

⁵ *Id.*

⁶ *Id.* (quoting *KFKB Broadcasting Ass’n, Inc. v. FRC*, 47 F.2d 670, 672 (D.C. Cir. 1931)).

⁷ 47 U.S.C. § 309(d)(1).

⁸ *Id.*

⁹ *Atropine Communications Co. v. FCC*, 857 F.2d 1556, 1561 (D.C. Cir. 1988).

¹⁰ *Id.* (quoting *Gencom, Inc. v. FCC*, 832 F.2d 171, 181 (D.C. Cir. 1987)).

¹¹ *Id.* (quoting 47 U.S.C. § 309(d)(2)).

accordance with 47 U.S.C. § 309(e).¹²

Broadcasting licenses may be granted only to applicants of good character.¹³ The Commission’s character analysis is not limited to conduct in the United States,¹⁴ and focuses on “misconduct which violates the Communications Act or a Commission rule or policy.”¹⁵ In addition, the Commission considers “certain specific non-FCC misconduct which demonstrate[s] a proclivity of an applicant to deal truthfully with the Commission and to comply with [its] rules and policies.”¹⁶

The standards the Commission applies in considering character qualifications for broadcast licenses have evolved over time. In 1986, the Commission announced that for non-FCC misconduct, the Commission generally considers only that pertaining to “adjudicated misconduct” involving (1) fraudulent statements to government agencies; (2) certain criminal convictions; and (3) violations of broadcast-related anti-competitive and antitrust statutes.¹⁷ The Commission noted, however, “there may be circumstances in which an applicant has engaged in nonbroadcast misconduct so egregious as to shock the conscience and evoke almost universal disapprobation.”¹⁸ According to the Commission, “[s]uch misconduct might, of its own nature,

¹² *See id.* and 47 U.S.C. § 309(d)(2).

¹³ *1981 Policy*, 87 F.C.C.2d at 839 (quoting 47 C.F.R. § 73.24(d)(1980)).

¹⁴ *See, e.g., Mutual Radio of Chicago, Inc.*, 98 F.C.C.2d 330 (1984) (considering effect of licensee’s violations of Canadian law on application for assignment of radio station license).

¹⁵ *1986 Policy Regarding Character Qualifications in Broadcast Licensing*, 102 F.C.C.2d 1179, 1190-91 (1986) (“1986 Policy”).

¹⁶ *Id.*

¹⁷ *Id.* at 1195.

¹⁸ *Id.* at 1205, n.60.

constitute prima facie evidence that the applicant lacks the traits of reliability and/or truthfulness necessary to be a licensee, and might be a matter of Commission concern even prior to adjudication by another body.”¹⁹

Applying this standard, the Commission has found allegations of drug trafficking constituted egregious misconduct,²⁰ and felony child molestation “heinous” and “egregious.”²¹ The Commission characterized child sexual abuse as a “very serious crime which . . . shocks the conscience.”²² On the other hand, the Commission found unadjudicated allegations of labor, antitrust, and tax fraud violations not to be “egregious misconduct.”²³ Similarly, the Commission has refused to consider unadjudicated allegations involving contract interpretation as involving “egregious misconduct.”²⁴

When the Commission updated its policy regarding character qualifications in broadcast licensing in 1990, it took an even broader view, considering “evidence of any conviction for misconduct constituting a felony” as “relevant to [its] analysis of an applicant’s or licensee’s

¹⁹ 1986 Policy, 102 F.C.C.2d at 1205, n.60.

²⁰ *Williamsburg County Broadcasting*, Order to Show Cause, 5 FCC Rcd. 3034, 3035 ¶¶ 13-14 (1990).

²¹ See *Robert D. Landis*, Order of Revocation, 22 FCC Rcd. 19979, 19982, ¶¶ 7-8.

²² *Lonnie L Keeney*, Order of Revocation, 24 FCC Rcd. 2426, 2429, ¶ 8 (2009).

²³ *Application of Multimedia, Inc. (Transferor), and Gannett Co., Inc. (Transferee)*, Memorandum Opinion and Order, 11 FCC Rcd. 4883, 4896 ¶ 37 (1995), *Application of Press Broadcasting Company, Inc., Assignor, and Paxson Broadcasting of Orlando, L.P., Assignee*, Memorandum Opinion and Order, 13 FCC Rcd. 1026, 1029 ¶ 11 (1997).

²⁴ *USA Broadcasting, Inc. (Transferor) and Univision Communications, Inc. (Transferee)*, Memorandum Opinion and Order, 19 FCC Rcd. 4253, 4256 ¶ 9 (2005).

character.”²⁵ At the same time, however, the Commission determined not to make licensing decisions based solely on “mere allegations of relevant non-FCC misconduct, even where those allegations have resulted in an indictment or are otherwise in the process of being adjudicated by another agency or court.”²⁶

Non-FCC-related misconduct of an applicant’s or licensee’s parent company also is considered where the Commission finds “a close ongoing relationship between the parent and the subsidiary[,] . . . the two have common principals, and if the common principals are actively involved in day-to-day operations of the broadcast subsidiary.”²⁷ Once such a nexus is found, the Commission will consider the “significance of the relationship of the non-FCC misconduct to the operation of the broadcast subsidiary,” focusing on “the actual involvement of the common principals in both the misconduct and in the day to day activities of the broadcast subsidiary.”²⁸ As the D.C. Circuit has recognized, misconduct of a corporation at home and abroad “inevitably casts a shadow on the character of its wholly owned subsidiary.”²⁹ For non-FCC misconduct the Commission “follow[s] the procedures determined to be proper for other broadcast applicants.”³⁰

²⁵ *1990 Policy Regarding Character Qualifications in Broadcast Licensing*, 5 FCC Rcd. 3252 (1990) (“1990 Policy”).

²⁶ *Id.* (citing 1986 Policy at 1204-05).

²⁷ 1986 Policy, 102 F.C.C.2d at 1218-19.

²⁸ *Id.* at 1219. *See also Westinghouse Broad. Co.*, 75 F.C.C.2d 736, 739 (1980) (“In considering the extent to which the conduct of the corporate parent of an applicant reflects adversely on the applicant’s qualifications, the nature of the activity and the degree of the wrongdoer’s relationship to the applicant are critical considerations.”) (citation omitted).

²⁹ *RKO General, Inc. v. FCC*, 670 F.2d 215, 227 (D.C. Cir. 1981).

³⁰ 1986 Policy, 102 F.C.C.2d at 1219.

Finally, as summarized in the Commission's 1986 Policy, the Commission generally considers a number of factors "in determining the weight to be accorded acts of misconduct."³¹ These factors include: "the willfulness of the misconduct, the frequency of such behavior, and its currency."³² Beyond these three general factors, the Commission also considers "the seriousness of the misconduct, the nature of the participation, if any, of the managers or owners, and the efforts made to remedy the wrong," as well as "the applicant's record of compliance" with Commission rules and policies.³³

II. THE LICENSEES HERE DO NOT POSSESS THE REQUISITE CHARACTER QUALIFICATIONS TO HOLD BROADCAST LICENSES.

Applying these standards here it is clear granting the applications of WTTG, WDCA, and WUTB would not serve the public interest based on the conduct of News Corp. and Mr. Murdoch. Accordingly, as the governing law and Commission's own regulations and procedures mandate, the renewal of these licenses must be referred to the full Commission for investigation and a full hearing on the record.

A. The Close, Ongoing Relationship Between Fox And News Corp. Makes The Conduct Of News Corp. And Rupert Murdoch Relevant To The Character Of Fox For Purposes Of Considering Renewal Of Its Broadcast License.

As an initial matter, the close relationship between Fox and News Corp. makes the conduct of News Corp. and Rupert Murdoch highly relevant in considering whether Fox has the requisite character to continue to hold broadcast licenses in the United States. Fox is a wholly

³¹ *Id.* at 1227.

³² *Id.*

³³ *Id.* at 1128.

owned subsidiary of News Corp.³⁴ Fox also “contributes [to] more than half of [News Corp.’s] profit.”³⁵ Rupert Murdoch, as chairman and chief executive officer of News Corp., functions as the “hands-on chief executive” of Fox.³⁶ Specifically, Mr. Murdoch has restructured Fox through hiring,³⁷ promoting,³⁸ and firing³⁹ a number of top executives. In addition, according to Fox executives, he has dictated station policy by “giv[ing] his opinion on overall strategy, [as well as] specific programs.”⁴⁰ For example, Mr. Murdoch was responsible for launching *American Idol* on Fox, even as “[executives] were about to reject it.”⁴¹ Moreover, executives at Fox report

³⁴ See News Corp. SEC Form 10-Q, for the quarterly report ended March 31, 2012, pp. 50-51 (SEC Form 10-K, Annual Report, Fiscal Year Ended June 30, 2011, p. 2 (attached as Exhibit C)).

³⁵ Meg James, Vinciguerra Out as Fox TV’s Top Business Exec; The Veteran’s Exit Consolidates the Power of News Corp. President Chase Carey, *Los Angeles Times*, January 7, 2011 (attached as Exhibit D).

³⁶ John Lippman & Alan Citron, Some at Fox Fear a New Murdoch Era : Entertainment: Studio Executives Worry That With Barry Diller Gone the Media Baron Will Push His Fabled Sensationalism on the Television Product, *Los Angeles Times*, February 26, 1992 (attached as Exhibit E).

³⁷ Murdoch Picks New Fox Boss, *Cincinnati Post*, January 12, 1993; Verne Gay, Multimedia Force Now Working for Fox, *Newsday*, June 2, 1994; Meg James, New Fox Television Chairman is Named, *Los Angeles Times*, August 16, 2005 (all attached as Exhibit F).

³⁸ Dave McNary, Murdoch Promotes Carey at Fox, *United Press International*, February 1992 (attached as Exhibit G)

³⁹ Jefferson Graham, New Season Brings Fall for Fox Exec, *USA Today*, September 29, 1994; Bill Carter, The Media Business: Murdoch Replaces Fox Programming Chief, *New York Times*, September 30, 1994; Marc Gunther, Murdoch Changes Presidents at Fox, Pulls 2 Sunday Shows, *Detroit Free Press*, October 19, 1994 (all attached as Exhibit H).

⁴⁰ Mark Landler, In a Far-Flung Empire, Some Winners, Losers and Works in Progress; Fox TV Network Raises Concern, *New York Times*, July 29, 1996. See also John Engstrom, The Battle for Network Affiliates; Murdoch Hustles to Add Stations to Fox Stable, *Seattle Post-Intelligencer*, July 14, 1994; Ron Miller, Murdoch Shakes Up ‘Big 3’ Execs with Fox Buyouts, *San Jose Mercury News*, July 14, 1994 (all attached as Exhibit I).

⁴¹ Murdoch Picked Idol, Says Book, Contactmusic News, May 4, 2006 (attached as Exhibit J).

directly to Mr. Murdoch.⁴² In fact, he is advised of “all major decisions in writing,”⁴³ and “[does not] hesitate to call Fox managers directly” in order to “inquir[e] about the status of a film or TV project.”⁴⁴ Further, Mr. Murdoch has an office in Fox’s executive building in Los Angeles, California.⁴⁵

Petitioners understand the FCC generally does not consider newspaper articles as reliable evidence in considering a petition to deny a license renewal. *See, e.g., Rothschild Broadcasting Co., Inc.*, 10 FCC Rcd. 7226, 7227 (1995). Here, however, these newspaper articles all confirm the undeniable fact that Rupert Murdoch and News Corp. are intimately involved with the day-to-day operations of Fox to such a degree that their conduct bears directly on the issue of whether Fox has the requisite character to hold broadcast licenses in the United States. Moreover, these newspapers cite facts for which further collaborating evidence is readily available to the Commission in a full evidentiary hearing, but currently beyond the reach of petitioners. Under these circumstances, to ignore the multiple reports of multiple instances in which Mr. Murdoch and News Corp. have injected themselves directly into the operation of Fox would be a great miscarriage of justice to the broadcast public.

Further, the conduct of Mr. Murdoch and News Corp. with respect to their American subsidiary Fox mirrors their conduct with their British subsidiaries, as confirmed by evidence

⁴² Murdoch Shuffles the Deck at Fox in L.A., *Associated Press Financial Wire*, March 12, 2009 (attached as Exhibit K).

⁴³ John Lippman, Taking the Wheel at Fox; Murdoch Moves Swiftly to Take Charge After Replacing Diller, *Los Angeles Times*, August 9, 1992 (attached as Exhibit L).

⁴⁴ *Id.*

⁴⁵ *Id.*

adduced in official inquiries conducted in Great Britain. Those inquiries include an investigation conducted by the House of Commons Culture, Media and Sport Committee that resulted in a comprehensive report issued in 2012 (House of Commons, Culture, Media and Sport Committee, *News International and Phone-hacking, 2010-11, HC 903-I*) (“House of Commons Report”) (attached as Exhibit M,) and an inquiry into the phone-hacking scandal committed by News Corp. that was led by Lord Justice Leveson (“Leveson Inquiry”). Rebekah Brooks, former editor of *The Sun* and *News of the World*, both owned by News International, a subsidiary of News Corp., testified before the Leveson Inquiry. Ms. Brooks stated that while editor of *News of the World*, she spoke to Mr. Murdoch every week and sometimes every day.⁴⁶ According to Ms. Brooks, Mr. Murdoch was so involved in the newspaper’s business that the paper could not even support a political party in an election without his approval.⁴⁷ Rupert Murdoch and his son, James Murdoch, jointly decided to appoint Ms. Brooks as chief executive officer of News International.⁴⁸ As Ms. Brooks’ testimony shows, in Great Britain, as in the United States, Rupert Murdoch was closely involved with the day-to-day operation of his British media outlets. Indeed, his involvement was so extensive as to lead the House of Commons Report to conclude any notion Rupert Murdoch was completely unaware of his employees’ wrongdoing “is simply not credible.”⁴⁹

⁴⁶ Leveson Inquiry, Brooks Morning Transcript (“Brooks Morning Tr.”), 19:3, 6, May 11, 2012 (attached as Exhibit N).

⁴⁷ Leveson Inquiry, Statement of Rebekah May Brooks (“Brooks 2d Stmt.”), ¶ 71 (attached as Exhibit O).

⁴⁸ Brooks Morning Tr., 21:14-23.

⁴⁹ House of Commons Report at ¶ 224, p. 69.

In sum, as demonstrated above, a sufficient nexus between Fox and News Corp. exists, and the Commission should consider News Corp.'s misconduct when determining whether to renew Fox's captioned licenses.

B. News Corp. And Mr. Murdoch Have Committed Serious Violations Of Law That Bear Directly On Fox's Character.

1. Rupert Murdoch And His Executives Lied To Government Bodies In The United Kingdom.

In 2006, Rupert Murdoch's tabloid *The Sun* reported that the young son of British Prime Minister Gordon Brown had cystic fibrosis.⁵⁰ Then-editor of *The Sun*, Rebekah Brooks, claimed to have received the story from "a man in the street" who was the father of another child with cystic fibrosis.⁵¹ In testimony before the Leveson Inquiry, Ms. Brooks stated *The Sun* was "satisfied that the information came from legitimate means,"⁵² but admitted *The Sun* probably compensated the man for supplying the information.⁵³ According to Ms. Brooks, she had "permission to run" this highly sensitive story about the child's disease from the Brown family,⁵⁴ specifically Prime Minister Brown's wife.⁵⁵

Prime Minister Brown, however, testified before the Leveson Inquiry that Ms. Brooks'

⁵⁰ Leveson Inquiry, Brown Morning Transcript ("Brown Morning Tr."), 27:11-13 (attached as Exhibit P).

⁵¹ *Id.*

⁵² Leveson Inquiry, Brooks Afternoon Transcript ("Brooks Afternoon Tr."), 38:23-24 (attached as Exhibit Q).

⁵³ *Id.* at 39:2.

⁵⁴ *Id.* at 40:22.

⁵⁵ *Id.* at 41:14-17.

source could not have existed, as only a few members of his family and his son's medical staff knew of the boy's condition.⁵⁶ He also was adamant that neither he nor his wife "gave explicit permission for medical knowledge about [his] son to be broadcast to the press."⁵⁷ Referring to Ms. Brooks' testimony on this point, Prime Minister Brown told Lord Justice Leveson, "you've been given information in this Inquiry that is not strictly correct."⁵⁸

Prime Minister Brown's testimony before the Leveson Inquiry also exposed another News Corp. lie. When testifying before the Leveson Inquiry, Rupert Murdoch spun a tale of an angry Gordon Brown who lashed out at him after *The Sun* expressed support for the Conservative Party rather than Prime Minister Brown's Labour Party.⁵⁹ According to Mr. Murdoch, the prime minister called him and said, "[w]ell, your company has declared war on my government and we have no alternative but to make war on your company."⁶⁰

In his testimony, however, Prime Minister Brown directly contradicted Mr. Murdoch's story. Mr. Brown told the Leveson Inquiry such a call never occurred. As he explained, any call that was not a personal family call would have gone through Downing Street, even if Mr. Brown made or received the call through his cellular telephone.⁶¹ Yet no such call was found in the

⁵⁶ *Id.* at 27:14-17.

⁵⁷ Brown Morning Tr. 31:3-12.

⁵⁸ *Id.* at 29:13-15.

⁵⁹ Leveson Inquiry, Murdoch Morning Transcript ("Murdoch Morning Tr."), 91: 9-24 (relevant pages attached as Exhibit R).

⁶⁰ *Id.* at 91:21-23.

⁶¹ Brown Morning Tr. 55:16-23, 56:1-7, 57:1-8.

prime minister's logs at Downing Street.⁶² As to the contents of the alleged conversation, Mr. Brown maintained, "[t]his conversation never took place. I'm shocked and surprised that it should be suggested."⁶³ He continued, "I'd never asked them for support directly, nor did I complain when they decided to support the Conservatives."⁶⁴ If the prime minister's assertions are correct, Rupert Murdoch lied in his testimony before a government body.

In addition to Rupert Murdoch, his son James also appears to have lied before an official government body. In 2009, News International reached a civil settlement with Gordon Taylor, chairman of the Professional Footballers Association, who claimed his phone was hacked by *News of the World* reporters.⁶⁵ According to two *News of the World* executives, James Murdoch lied to a House of Commons committee when he claimed not to have had information on wiretaps of Mr. Taylor's voicemail before approving a settlement with him.⁶⁶ Colin Myler, former editor at *News of the World*, and Tom Crone, the paper's legal manager, testified they expressly advised James Murdoch of an e-mail suggesting multiple reporters were involved in obtaining voicemail messages from Mr. Taylor's phone.⁶⁷ They claimed evidence of the e-mail was crucial to the company's decision to settle with Mr. Taylor, and to James Murdoch's

⁶² *Id.*

⁶³ *Id.* at 59:23-24.

⁶⁴ *Id.* at 60:4-6.

⁶⁵ House of Commons Report, pp. 36, 38.

⁶⁶ Lisa O'Carroll and Patrick Wintour, James Murdoch Misled MPs, Say Former NoW Editor and Lawyer, *The Guardian*, July 21, 2011 (attached as Exhibit S).

⁶⁷ *Id.*

approval of a large settlement.⁶⁸ Further, in announcing the closure of *News of the World*, James Murdoch admitted “the paper made statements to Parliament without being in full possession of the facts.”⁶⁹

2. Multiple News Corp. Executives And Reporters Have Been Arrested Or Charged In Criminal Investigations.

In November 2006, Clive Goodman, royal affairs editor for *News of the World*, and private investigator Glenn Mulcaire pleaded guilty to illegally intercepting voicemail messages of employees of the British royal family.⁷⁰ Mr. Mulcaire was also charged with illegally accessing the voicemails of five other individuals.⁷¹ Beyond these prosecutions, many others working for News International have been implicated in serious crimes. Criminal proceedings against reporters and others in the industry have commenced as News International continues to hand documents over to British authorities.⁷² The United Kingdom’s Metropolitan Police Service (“MPS”) has arrested over 20 people in connection with Operation Weeting, the official investigation into phone-hacking, and over 40 people in connection with Operation Elveden, the official investigation into illegal payments made to police officers and public officials by the press.⁷³

⁶⁸ *Id.*

⁶⁹ House of Commons Report, pp. 4-5 (citing News International Press Release, 7 July 2011).

⁷⁰ *Id.* at ¶¶ 37-38, p. 15.

⁷¹ *Id.* at ¶ 38.

⁷² Metropolitan Police Service, Statement from Sir Paul Stephenson, Metropolitan Police Commissioner, July 6, 2011 (attached as Exhibit T).

⁷³ Leveson Inquiry, Akers Morning Transcript (“Akers Morning Tr.”), 5:17 (attached as Exhibit U); Josh Halliday, Phone Hacking: Six Arrested Under Operation Weeting, *The Guardian*,

Recently, *The Sun*'s Whitehall editor responsible for covering the British government was arrested in relation to Operation Elveden.⁷⁴ Further, according to MPS Deputy Assistant Commissioner Sue Akers, recent investigations have uncovered payments to public officials by News International.⁷⁵ One public official identified by the MPS is a former prison guard, whose partner funneled money into his bank account from different news organizations, including "numerous payments from News International."⁷⁶ Ms. Akers recently revealed News International is in possession of information downloaded from stolen cellular telephones.⁷⁷ In addition, on July 24, 2012, the Crown Prosecution Service announced formal charges against eight persons in connection with Operation Weeting: Glenn Mulcaire, Rebekah Brooks, Andrew Coulson, Stuart Kuttner, Greg Miskiw, Ian Edmondson, Neville Thurlbeck, and James Weatherup.⁷⁸ All were employees of News International, except Mr. Mulcaire, the private investigator hired by *News of the World* to intercept voicemails. All except Mr. Mulcaire are charged with "conspiring to intercept communications without lawful authority, from 3rd October 2000 to 9th August 2006."⁷⁹

March 13, 2012 (attached as Exhibit V).

⁷⁴ Martin Evans, *The Sun's Whitehall Editor Arrested in Illegal Payments Probe*, *The Telegraph (London)*, May 25, 2012 (attached as Exhibit W).

⁷⁵ Akers Morning Tr. 6:16-19.

⁷⁶ *Id.* at 7:5-6.

⁷⁷ *Id.* at 13:8-11.

⁷⁸ Press Statement, Crown Prosecution Service, Operation Weeting–CPS Charging Decisions (July 24, 2012) (attached as Exhibit X).

⁷⁹ *Id.* Of note, section 79 of the Regulation of Investigatory Powers Act – the hacking legislation under which the eight are charged – also authorizes prosecution of a company and its directors that violate its provisions.

Ms. Brooks, the former CEO of News International, faces two additional charges, one for conspiracy to obtain the voicemails of teenage murder victim Milly Dowler and another for conspiracy to hack the voicemails of former Fire Brigade Union official Andrew Gilchrist.⁸⁰ Ms. Brooks previously was charged in May 2012 with three counts of conspiracy to pervert the course of justice for concealing material from MPS officers, permanently removing seven boxes of records from the News International archive, and concealing computers, documents, and electronic equipment from the police.⁸¹

Of all the crimes with which Ms. Brooks is charged, hacking the voicemails of Milly Dowler stands out as the most heinous. Amanda “Milly” Dowler was a 13-year-old girl who was kidnapped and murdered on her way home from school in 2002.⁸² Her body was found six months later.⁸³ After Milly Dowler disappeared, but before police found her body, *News of the World* impeded justice by making investigators’ jobs more difficult and harassing the girl’s family and friends. First, a reporter at *News of the World* called a recruitment agency with which Milly had registered and impersonated Milly in an attempt to obtain more information about the girl.⁸⁴ A *News of the World* employee also called the agency and claimed to be cooperating with

⁸⁰*Id.*

⁸¹ Press Statement, Crown Prosecution Service, Charging Announcement in Relation to Offences of Perverting the Course of Justice Against Rebekah Brooks and Others (May 15, 2012) (attached as Exhibit Y).

⁸² House of Commons Report at ¶ 230, p. 71.

⁸³ *Id.*

⁸⁴ *Id.* at ¶ 237, p. 74.

police in order to investigate Milly's disappearance.⁸⁵ Reporters at *News of the World* then obtained Milly's phone number and PIN from her school friends.⁸⁶ With this information, they hacked into Milly's voicemails, giving her family false hope Milly was still alive and accessing her own voicemail messages.⁸⁷ According to the House of Commons Report, the attempt "to get a scoop on Milly Dowler led to a considerable amount of valuable police resource being redirected to the pursuit of false leads."⁸⁸ Not only did *News of the World* violate the privacy of Milly and her family, but its employees interfered with the work of police looking to rescue a young, kidnapped girl. Such behavior is indefensible.

Rebekah Brooks was editor of *News of the World* during this period. When evidence of her employees' misdeeds was revealed in 2011, Ms. Brooks accepted responsibility and resigned from her position as chief executive at News International.⁸⁹ Whether or not she was aware of the specific actions taken by *News of the World* reporters in regard to Milly Dowler, as editor she unquestionably was responsible for the corporate culture and the ethical standards of the newspaper. As the House of Commons Report concluded:

Impersonating members of a missing girl's family; besieging an employment agency; falsely asserting cooperation with the police; falsely quoting the police; and, according to their own account, obtaining Milly Dowler's mobile telephone number from her school friends are hardly the actions of a respectful and responsible news outlet. For these actions, and the

⁸⁵ *Id.*

⁸⁶ House of Commons Report at ¶ 237, p. 73; ¶ 242, p. 76.

⁸⁷ *Id.* at ¶ 232, p. 71.

⁸⁸ *Id.* at ¶ 237, p. 74.

⁸⁹ *Id.*, Annex 2, p. 97.

culture which permitted them, the Editor should accept responsibility.⁹⁰

Moreover, Ms. Brooks served not only as editor of a News Corp. paper, but also as an executive of a News Corp. company, and she was a long-time friend of the Murdoch family. Consequently, the corporate culture Ms. Brooks passed on to her newspapers was heavily and directly influenced by News Corp. and Rupert Murdoch.

Evidence of the close relationship between Ms. Brooks and Mr. Murdoch abounds. When Ms. Brooks was editor of *News of the World*, for example, she spoke with Rupert Murdoch weekly.⁹¹ Three years later, Rupert Murdoch “was instrumental” in her appointment as editor of *The Sun*.⁹² While at *The Sun*, Ms. Brooks spoke to Mr. Murdoch frequently, sometimes every day.⁹³ Both discussed *The Sun*’s politics and made the joint decision to support the Conservative Party.⁹⁴ It was the idea of Rupert and James Murdoch to make Ms. Brooks chief executive officer of News International,⁹⁵ appointing her to the position in 2009.⁹⁶ Ms. Brooks vacationed with Rupert Murdoch⁹⁷ and maintained a close working relationship with him and

⁹⁰ House of Commons Report at ¶ 242, p. 76.

⁹¹ Brooks 2d Stmt. ¶ 24.

⁹² Brooks Morning Tr. 18:18-25.

⁹³ *Id.* at 19:1-8.

⁹⁴ *Id.* at 55:14-17; 56:1-14; 60:1-10.

⁹⁵ *Id.* at. 21:14-23.

⁹⁶ Brooks 2d Stmt. ¶ 26.

⁹⁷ Brooks Morning Tr. 48:18-21.

other News Corp. executives.⁹⁸ She kept Rupert Murdoch informed of the issues, whether she was working for News International, *The Sun*, or *News of the World*.⁹⁹ For his turn, Mr. Murdoch clearly kept himself apprised of the events at his British subsidiaries and had influence over Ms. Brooks in her many positions with News Corp.

Finally, in a symbolic admission of his complicity in his company's wrongdoings, in addition to shuttering *News of the World*, Rupert Murdoch personally apologized to Milly Dowler's family¹⁰⁰ and offered them a settlement, reportedly amounting to several million dollars.¹⁰¹

C. Rupert Murdoch And News Corp. Lack Candor And Promote Secrecy.

Since the 2009 civil settlement News International reached with Gordon Taylor, numerous civil claims have been brought against *News of the World* reporters demonstrating phone-hacking at *News of the World* dates back to at least 2001.¹⁰² The mounting evidence of misdeeds by News Corp. led the British Parliament to charge the House of Commons Culture, Media and Sport Committee with conducting an inquiry into the phone-hacking scandal. The Committee's report, published in 2012, includes a time line of the scandal, factual detail about the behavior and knowledge of those involved, and offers conclusions concerning the repellent corporate governance and culture at News Corp. and its subsidiaries. The report reveals a

⁹⁸ Brooks 2d Stmt. ¶ 26.

⁹⁹ Brooks Afternoon Tr. 23:23-24:2.

¹⁰⁰ House of Commons Report, p. 97.

¹⁰¹ Gordon Rayner & Andrew Hough, Phone Hacking: Milly Dowler Family Set for £3 Million News International Payout, *The Telegraph (London)*, Sept. 11, 2011 (attached as Exhibit Z).

¹⁰² House of Commons Report at ¶ 200, p. 63.

company with shockingly low ethical standards and executives willing to do, or pay, almost anything to cover up their corporate misdeeds.

In particular, the responses of James and Rupert Murdoch to allegations of phone-hacking at *News of the World* demonstrate an appalling lack of candor and complete disregard for uncovering the truth. When the Murdochs and other executives were first called in front of the Culture, Media and Sport Committee, they told the Committee one “rogue reporter” was responsible for the entire phone-hacking scandal.¹⁰³ They also claimed the matter had been thoroughly investigated internally and they had uncovered no further misconduct.¹⁰⁴ In the wake of numerous arrests and civil proceedings against *News of the World* employees, the Committee properly found these statements to be untrue. As the Committee explained,

Far from having an epiphany at the end of 2010, the truth, we believe, is that by spring 2011, because of the civil actions, the company finally realised that its containment approach had failed, and that a ‘one rogue reporter’ – or even ‘two rogue journalists’ – stance no longer had any shred of credibility. Since then, News Corporation’s strategy has been to lay the blame on certain individuals . . . whilst striving to protect more senior figures, notably James Murdoch . . . Even if there were a ‘don’t ask, don’t tell’ culture at News International, the whole affair demonstrates huge failings of corporate governance at the company and its parent, News Corporation.¹⁰⁵

Beyond the false statements of News International executives to the Committee, News International refused to hand over many documents that would have helped the Committee

¹⁰³ *Id.* at ¶ 15, p. 7 (“News International’s claim that phone-hacking could be dismissed as the work of a single ‘rogue reporter’ at the *News of the World* was a false one.”); ¶ 18, p. 9.

¹⁰⁴ *Id.* at ¶ 18, p. 9.

¹⁰⁵ House of Commons Report at ¶ 215, pp. 67-68.

uncover the truth and redacted at least one key document it did produce to the Committee.¹⁰⁶

According to the Committee, these actions “were the result of a deliberate strategy to exaggerate evidence in support of the company’s innocence.”¹⁰⁷

News International executives also expressed wilful blindness towards evidence of wiretapping and implemented a strategy to suppress the truth with hush money. For example, when James Murdoch was briefed on the Gordon Taylor case, he failed to review the evidence or ask for the opinion of an independent counsel, conduct the Committee characterized as “wilful ignorance.”¹⁰⁸ As the Committee explained, this “betrays an astonishing lack of curiosity on the part of a Chief Executive.”¹⁰⁹ There was plenty of evidence to review, including one e-mail from 2005 that contained 35 voicemail transcripts from Mr. Taylor’s phone and that of his assistant.¹¹⁰ Tom Crone, *News of the World’s* legal manager, sent editor Colin Myler a brief in which he stated “[t]he damning email is genuine and proves we actively made use of a large number of extremely private voicemails from Taylor’s telephone . . . and that this was pursuant to a February 2005 contract.”¹¹¹ Even after receiving several e-mails about the potential wiretaps on Mr. Taylor, including the “damning” one, James Murdoch refused to further inform himself

¹⁰⁶ *Id.* at ¶ 32, p. 14; Mark Hughes, Phone Hacking: News International Lawyers Admit Redacting Clive Goodman Letter, *The Telegraph (London)*, Aug. 19, 2011 (attached as Exhibit AA).

¹⁰⁷ House of Commons Report at ¶ 62, p. 23.

¹⁰⁸ *Id.* at ¶ 160, p. 54.

¹⁰⁹ *Id.* at ¶ 177, p. 59.

¹¹⁰ *Id.* at ¶ 122, p. 42.

¹¹¹ House of Commons Report at ¶ 135, p. 47 (citation omitted).

before negotiating a settlement to keep Mr. Taylor quiet.¹¹² As the Committee found, James Murdoch “was given the opportunity to appraise himself of the Gordon Taylor case,”¹¹³ yet chose to remain blissfully ignorant.

According to James Murdoch, “confidentiality was a factor in determining the amount of the settlement payment.”¹¹⁴ The settlement with Mr. Taylor ended up costing News International £700,000 (approximately \$1.1 million),¹¹⁵ an astonishing sum of money for James Murdoch to approve without any factual inquiry into the underlying facts. This enormous sum indicates James Murdoch and others at News International were willing to spend as much as necessary to keep the case out of court and ensure no one uncovered the truth behind their “one rogue reporter” cover story. According to the Committee,

this huge amount was paid over a story which was never actually published and was clearly done to buy silence, avoid further damaging publicity and to avert further civil claims over phone-hacking – fruitlessly, as it turned out. The very fact of settling at such a high level indicates that some senior people at News International were aware that Gordon Taylor had a case to be answered on phone-hacking and that the single ‘rogue reporter’ claim was untrue.¹¹⁶

Similarly, after jailed reporter Clive Goodman claimed he acted with support from others at *News of the World*, the company paid Mr. Goodman a sizeable settlement, which included a confidentiality clause, in order to stop the case from going to trial and prevent the courts from

¹¹² *Id.* at ¶ 160, p. 54

¹¹³ *Id.* at ¶ 177, p. 59.

¹¹⁴ *Id.* at ¶ 114, p. 41 (citation omitted).

¹¹⁵ House of Commons Report at ¶ 119, p. 42.

¹¹⁶ *Id.*

uncovering more evidence of the company's misconduct.¹¹⁷ Moreover, while News International Chairman Les Hinton had told Mr. Goodman he would be paid a year's salary in consideration of his long service, Mr. Goodman actually was paid more than double his annual salary.¹¹⁸ As the Committee Report explains, "[t]he total amount paid to Clive Goodman is extraordinary when one considers that he had been convicted of a criminal offence and that his actions had helped stain the reputation of the company . . . it is impossible, therefore not to question the company's motives."¹¹⁹ Once again, not wanting Mr. Goodman to reveal who else at *News of the World* knew of or approved the wiretaps, News International went to great lengths to suppress the truth.

In another act of concealment, News International agreed to fund Glenn Mulcaire's multiple appeals of court rulings instructing him to disclose who had asked him to perform wiretaps.¹²⁰ News Group Newspapers, a subsidiary of News International, also agreed to pay any money damages awarded against Mr. Mulcaire,¹²¹ an indemnity the company ended up extending to all 38 cases against him.¹²² The agreement, however, was conditioned on Mr. Mulcaire keeping such indemnity secret.¹²³

This conduct, taken as a whole, demonstrates a concerted effort by News International executives to impede the courts from discovering the truth, and to turn a blind eye to their

¹¹⁷ House of Commons Report at ¶¶ 96-98, pp. 32-33.

¹¹⁸ *Id.* at ¶ 84, p. 29.

¹¹⁹ *Id.*

¹²⁰ *Id.* at ¶¶ 101-105, pp. 33-35.

¹²¹ House of Commons Report ¶ 100-101, pp. 33-34.

¹²² *Id.* at ¶ 104, p. 34.

¹²³ *Id.* at ¶ 106, pp. 34-35.

employees' misdeeds. The House of Commons Report summarized this pattern of conduct as follows:

The willingness of News International to sanction huge settlements and damaging, wide-ranging admissions to settle civil claims over phone-hacking before they reach trial reinforces the conclusion of our 2010 Report that the organisation has, above all, wished to buy silence in this affair and to pay to make this problem go away.¹²⁴

In addition to specific instances of hush money and confidentiality agreements, News Corp. failed generally to remedy the wrongs of its subsidiaries or aid the police, courts, and government in finding and punishing those responsible. Although News International has now taken a positive step in establishing the Management and Standards Committee to aid the MPS in its investigation,¹²⁵ the company tried to maintain the “one rogue reporter” fiction until it became impossible. After the arrests of Mr. Goodman and Mr. Mulcaire, for example, News International set up a series of sham investigations in order to give the appearance of a concerned company looking to root out one or two rogue employees. One investigation was given parameters so narrow lawyers were asked to ignore any evidence beyond that linking reporters to the exact same activity for which Clive Goodman was convicted.¹²⁶ The second, conducted by the firm Burton Copeland, was created solely to respond to inquiries by the police.¹²⁷ The firm “was not instructed to carry out an investigation into ‘phone hacking’ at the *News of the*

¹²⁴ *Id.* at ¶ 36, p. 14.

¹²⁵ News Corporation, 2011 Annual Report 15 (attached as Exhibit BB). The full report is available at http://www.newscorp.com/investor/annual_reports.html.

¹²⁶ House of Commons Report at ¶¶ 55-56, pp. 20-21; ¶ 61, p. 22.

¹²⁷ *Id.* at ¶ 60, p. 22.

World.”¹²⁸

James Murdoch himself admitted News International should have taken “a more forensic look at the specific evidence.”¹²⁹ Throughout the police investigation, however, Rupert Murdoch gave “clear and categorical assurances to the general public, and to his shareholders, that phone-hacking and other wrongdoing were not widespread and would not be tolerated at News International.”¹³⁰ Further, there is no evidence News International or News Corp. have made changes to their ethical standards or corporate governance in response to the scandal. Such a lack of corporate responsibility and candor cannot be reconciled with the character a licensee must possess to hold broadcast licenses in the United States.

From Rupert Murdoch’s response to the wiretapping scandal, the House of Commons Committee concluded “Rupert Murdoch is not a fit person to exercise the stewardship of a major international company.”¹³¹ Mr. Murdoch is aware of how mired his British companies are in this scandal, and is maneuvering to keep his American companies from going down with them. He recently stepped down as director of News International and *The Sun*, among other companies,¹³² but remains chairman and chief executive officer of News Corp. These crafty tactics should not exonerate Rupert Murdoch, or his corporation, of the offenses they have committed. Mr. Murdoch and News Corp. deliberately avoided uncovering the truth and

¹²⁸ *Id.* (citation omitted).

¹²⁹ *Id.* at ¶ 28, p. 12.

¹³⁰ House of Commons Report at ¶ 220, p. 68.

¹³¹ *Id.* at ¶ 229, p. 70.

¹³² John F. Burns, Murdoch Resigns from His British Papers’ Boards, *New York Times*, July, 21, 2012 (attached as Exhibit CC).

protected corrupt employees, even convicted criminals, demonstrating they lack the candor and public interest required of broadcast licensees.¹³³ Accordingly, the Commission should designate the captioned license renewal applications for a hearing, and should not renew them.

III. RECENT EVENTS PROVE A CONTINUING PATTERN OF ABUSE

The allegations of illegal misconduct by News Corp. are not limited to the United Kingdom. According to news media reports, News International reporters may have illegally attempted to obtain the telephone numbers of 9/11 victims in the United States.¹³⁴ An unnamed former New York City police officer has claimed he was contacted by a *News of the World* journalist who offered to pay him for the private phone records of several individuals who had perished in the attacks.¹³⁵ The newspaper allegedly was seeking information regarding details of the calls the victims had made and received in the days leading up to the tragedy.¹³⁶ In addition, actor Jude Law claimed News Corp. hacked his cell phone while he was at New York's John F. Kennedy airport in 2003,¹³⁷ and two attorneys have recently announced plans to file civil suits for

¹³³ Moreover, in Great Britain Rupert Murdoch continues to be involved as chief executive officer in the television and film side of his media empire. *See id.*

¹³⁴ Paul Harris, News International Scandal: 9/11 Phone Hack Claim Divides US Politicians: The News Corp Scandal Has Crossed the Atlantic, with Democrats Leading the Charge, *The Observer*, July 17, 2011 (attached as Exhibit DD).

¹³⁵ David Collins, Phone-Hacking: 9/11 Victims 'May Have Had Mobiles Tapped by News of the World Reporters', *Daily Mirror*, July 11, 2011 (attached as Exhibit EE).

¹³⁶ *Id.*

¹³⁷ *See, e.g., Will Jude Law's Claim His Phone Was Hacked in New York Mean Murdoch Will Face Court in U.S.?*, *Daily Mail Reporter*, July 17, 2011 (attached as Exhibit FF).

clients who claim they were hacked in the United States by News Corp.¹³⁸

Reflecting the seriousness of the allegations against News Corp. for its conduct in the United States, a number of United States senators and representatives have called for probes into News Corp.¹³⁹ These include, *inter alia*, Republican Congressman Peter King (R-NY),¹⁴⁰ and Democratic Senators Barbara Boxer (D-CA),¹⁴¹ Jay Rockefeller (D-WV),¹⁴² Frank Lautenberg (D-NJ),¹⁴³ and Robert Menendez (D-NJ).¹⁴⁴ Collectively, this has led the FBI and the Department of Justice to open investigations.¹⁴⁵ Rupert Murdoch has admitted News Corp. is cooperating

¹³⁸ Josh Halliday and Ed Pilkington, News Corp Faces Growing Threat of Phone-Hacking Lawsuits in US, *Guardian*, April 13, 2012 (attached as Exhibit GG).

¹³⁹ Richard A. Serrano, Jim Puzanghera & Kim Geiger, FBI Opens Inquiry Into Murdoch's News Corp., *Los Angeles Times*, July 15, 2011 (attached as Exhibit HH).

¹⁴⁰ Letter from Rep. Peter T. King, Chairman, Committee on Homeland Security, to Robert S. Mueller, III, Director, Federal Bureau of Investigation (July 13, 2011) (urging an immediate investigation into allegations journalists at the *News of the World* attempted to obtain phone records of 9/11 victims through bribery and unauthorized wiretapping) (attached as Exhibit II).

¹⁴¹ Letter from Sens. Barbara Boxer and John D. Rockefeller, IV, Chairman, Commerce Committee, to Eric Holder, Attorney General, U.S. Department of Justice and Mary L. Schapiro, Chairman, Securities and Exchange Commission (July 13, 2011) (calling for an investigation into whether News Corp. violated U.S. law by allegedly bribing police officials to gain access to private telephone information and records) (attached as Exhibit JJ).

¹⁴² *Id.*

¹⁴³ Letter from Sen. Frank R. Lautenberg to Eric Holder, Attorney General, U.S. Department of Justice and Mary L. Schapiro, Chairman, Securities and Exchange Commission (July 13, 2011) (requesting an investigation into allegations that News Corp. and its subsidiaries bribed foreign law enforcement officials for information to advance their business interests) (attached as Exhibit KK).

¹⁴⁴ Letter from Sen. Robert Menendez to Eric Holder, Attorney General, U.S. Department of Justice (July 13, 2011) (seeking an investigation into allegations that the phones of 9/11 victims had been hacked) (attached as Exhibit LL).

¹⁴⁵ FBI Launches News Corp. 9/11 Hacking Investigation -- Murdoch Defends His Company, *Reuters*, July 14, 2011; Rob Taylor, U.S. Attorney General Says Probe Progressing Into News

with the Department of Justice, “turning over evidence of alleged or suspected illegality, and responding to all requests for information.”¹⁴⁶ Further, the Department of Justice reportedly is investigating corrupt payments made by journalists to police and other public officials.¹⁴⁷ Such payments might well violate the Foreign Corrupt Practices Act, which prohibits corrupt payments intended to influence any act or decision of a foreign official.¹⁴⁸

Beyond the investigations for its alleged phone hacking in the United States, News Corp. was the subject of an investigation in 2005 by the U.S. Attorney’s Office for the District of New Jersey, the FBI, and the Secret Service. That investigation involved allegations that News America, owned by News Corp., illegally gained access to the password-protected computer system of a New Jersey company, FLOORgraphics, to obtain the company’s confidential information.¹⁴⁹ Apparently, News America had sought to purchase FLOORgraphics, which rebuffed the offer, leading News America’s Chief Executive Officer Paul Carlucci, to warn FLOORgraphics’ owners: “From now on, consider us your competitor and understand this: if you ever get into any of our businesses, I will destroy you. I work for a man who wants it all, and

Corp., Reuters, July 15, 2011 (both attached as Exhibit MM).

¹⁴⁶ In the Matter of the Leveson Inquiry into the Culture, Practices, and Ethics of the Press, *Witness Statement of Keith Rupert Murdoch*, ¶ 179, April 12, 2012 (attached as Exhibit NN).

¹⁴⁷ Mike Giglio, Murdoch Confirms U.S. Department of Justice Investigation into News Corporation, *Daily Beast*, April 25, 2012 (attached as Exhibit OO).

¹⁴⁸ See 15 U.S.C. §§ 78dd-1, *et seq.* See also Jake Bernstein, Damned If You Do or Don’t: How Murdoch Reporters Bribes to British Cops Violate U.S. Law, *ProPublica*, July 12, 2011 (attached as Exhibit PP).

¹⁴⁹ Letter from Sen. Frank Lautenberg to Eric Holder, Attorney General, Department of Justice and Robert S. Mueller, III, Director, Federal Bureau of Investigation (July 20, 2011) (attached as Exhibit QQ).

doesn't understand anybody telling him he can't have it all."¹⁵⁰ That man was Rupert Murdoch.

A few years later, FLOORgraphics discovered the computer breaches took place 11 times over four months, and traced the hacking back to an IP address registered to News America's offices in Connecticut.¹⁵¹ The company eventually sued News Corp. and, during the trial, evidence showed the hacking gave News America access to information that could be used to damage FLOORgraphics, including details of every sale the company had made, its client lists and its sales projections.¹⁵² Soon after the computer hacking, the company began losing clients, many of whom switched to News America.¹⁵³ The case was settled when News America purchased FLOORgraphics for approximately \$29.5 million.¹⁵⁴

IV. THE PUBLIC INTEREST IN RENEWAL OF THESE LICENSES REQUIRES A HEARING

As petitioners have demonstrated, News Corp., under the direction of Rupert Murdoch, has engaged in extensive and repeated violations of law and has propagated a corporate culture of secrecy and lying at all costs in a desperate attempt to protect the reputation and profitability of News Corp. and its media subsidiaries. This conduct has crossed international lines and has played out over the course of years. And while the specifics of each misdeed have varied, at their core they all bear an unmistakable stamp of a company and its head who believe they are above

¹⁵⁰ Ed Pilkington, US Senator Invokes Web-Hacking Trial in Call for Murdoch Inquiry, *The Guardian*, July 21, 2011 (attached as Exhibit RR).

¹⁵¹ *Id.*

¹⁵² *Id.*

¹⁵³ *Id.*

¹⁵⁴ Pilkington, *The Guardian*, July 21, 2011.

the law.

Not only is News Corp.'s conduct egregious and conscience shocking, but it relates directly to its role as a representative of the news media. The extensive factual record of its misdeeds and the testimony elicited from the Leveson Inquiry, considered together with the conclusions of the House of Commons, raise substantial and material issues of fact as to whether News Corp. possesses the requisite character to retain the captioned broadcast licenses. While the answer based on the evidence adduced so far clearly is no, the Commission must conduct a full factual inquiry to ensure the public interest is best served.

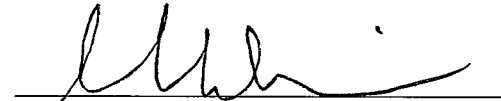
V. CONCLUSION AND REQUEST FOR RELIEF

Taken as a whole, this evidence reflects a level of wilful and despicable misconduct that renders News Corp. and its subsidiary, Fox Television Stations, Inc., unfit to hold television broadcast licenses under governing FCC laws and regulations. Time and again, both here and abroad, News Corp. officials and Rupert Murdoch flouted the law in their race to gain an edge on their broadcast competitors. Turning a blind eye to the widespread illicit activities at News Corp., both Rupert and James Murdoch actively participated in efforts to cover up any evidence of corporate illegality. They perpetuated a culture of secrecy within News Corp. media companies, and testified untruthfully before governmental bodies to avoid any accountability for their misdeeds. Their dishonesty abroad and what it reveals about their character cannot be erased simply by crossing the ocean. Under any fair assessment, Fox – the wholly owned subsidiary of News Corp. – is not an applicant of “good character,” and therefore is not entitled to hold television broadcast licenses in the United States.

For the reasons discussed above, the Commission should find this Petition to Deny

License Renewals raises substantial and material questions of fact commanding a full evidentiary hearing on the captioned broadcast licenses pursuant to Section 1.253 of the Rules, 47 C.F.R. § 1.253.

Respectfully submitted,



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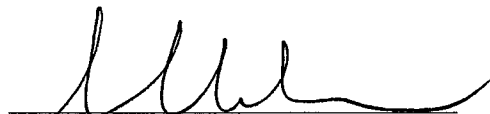
CERTIFICATE OF SERVICE

I hereby certify that on the 22nd day of August, 2012, copies of the foregoing Petition to Deny License Renewals were served by first-class mail on the following:

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