

MEDIA & MARKETING

Scope of Federal Probe into Fox News Broadens

Federal investigators have interviewed network executives and on-air talent, asking about sexual-harassment settlements



Federal investigators have interviewed current and former Fox News executives who worked closely with former CEO Roger Ailes, who has been accused of sexual harassment. PHOTO: CHARLES SYKES/ASSOCIATED PRESS

By Joe Flint and Michael Rothfeld

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Federal authorities have interviewed current and former Fox News employees and on-air talent in a widening inquiry into the nature of sexual-harassment settlements and alleged intimidation tactics at the network, according to people familiar with the probe.

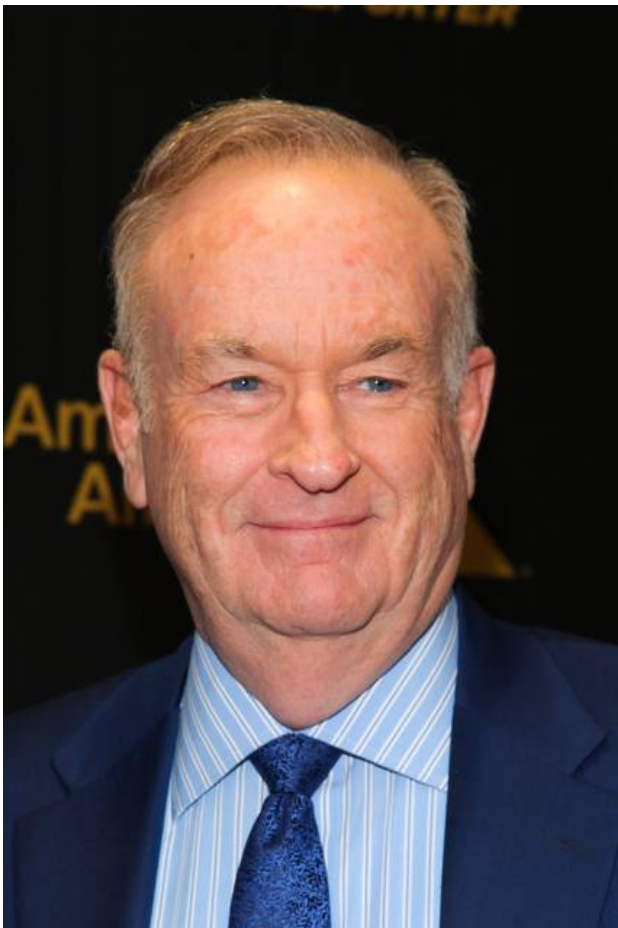
Prosecutors at the U.S. attorney's office in Manhattan and criminal investigators from the U.S. Postal Inspection Service have spoken to women who accused Roger Ailes, former Fox News chairman and chief executive, of sexual harassment, the people familiar with the probe said. These women included current on-air contributor Julie Roginsky and Laurie Luhn, former director of corporate and special events.

Former Fox News communications chief Brian Lewis, once a top aide to Mr. Ailes, was also subpoenaed and met with investigators earlier this spring, the people said.

U.S. investigators have focused on how settlement payments over sexual-harassment accusations were structured at Fox News and which executives helped engineer them, people familiar with the matter said. But in their questioning, prosecutors also have shown an interest in alleged intimidation tactics authorized by Mr. Ailes, including the hiring of a private investigator to dig up negative information on women who complained, according to one of the people familiar with the probe.

Mr. Ailes left Fox News last summer amid an internal probe by parent company 21st Century Fox [FOX 0.28% ▲](#) Inc. into allegations by multiple women that he sexually

harassed them. Ms. Luhn received a \$3.15 million settlement from the company in 2011, a copy of which was reviewed by The Wall Street Journal, after making a complaint against Mr. Ailes internally. Ms. Roginsky, a network contributor, has sued Mr. Ailes, who has denied all accusations of wrongdoing.



Anchor Bill O'Reilly left Fox News last month after settlement payments were revealed. PHOTO: ANDY KROPA/INVISION/ASSOCIATED PRESS

The government won't necessarily move forward with a criminal prosecution.

The prosecutors investigating Fox are in the securities unit of the U.S. attorney's office, the people familiar with the probe said. To prove a securities-law violation related to the company's financial disclosures, prosecutors would likely have to meet a high bar by showing 21st Century Fox intentionally misled investors by omitting or misstating information that a reasonable investor would have considered important, legal experts said.

If prosecutors believed settlement payments were falsely recorded as other types of expenditures, they could also bring criminal charges under a rarely used provision of the securities laws requiring public companies to keep accurate books and records, the lawyers said.

The Postal Inspection Service is a federal law-enforcement agency that works with prosecutors on white-collar criminal investigations.

21st Century Fox has said it is cooperating fully with the probe. John Nallen, chief financial officer for 21st Century Fox has also met with prosecutors, people with knowledge of the matter said.

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- [Fox News Contributor Files Suit Claiming Harassment by Ailes \(April 3\)](#)
- [Fox Faces Probe Over Funds to Settle Sexual-Harassment Claims \(Feb. 16\)](#)
- [Fox Settles Sexual-Harassment Suit With Gretchen Carlson \(Sept. 6, 2016\)](#)
- [Roger Ailes Resigns From Fox News \(July 22, 2016\)](#)
- [Gretchen Carlson Files Harassment Suit Against Ailes \(July 9, 2016\)](#)

A 21st Century Fox spokesman said the company had no knowledge of sexual-harassment allegations against Mr. Ailes or settlements of those complaints until former Fox News anchor Gretchen Carlson filed a lawsuit against Mr. Ailes

last July. Ms. Carlson received a \$20 million settlement from the company. 21st Century Fox in November disclosed in a securities filing that it had costs of about \$35 million in the quarter ended in September from “settlements of pending and potential litigations.”

21st Century Fox and Journal parent News Corp share common ownership.

The information investigators have gathered has provided them with a window into the roles of other Fox News executives in arranging the settlements or enabling an atmosphere in which sexual harassment allegedly wasn’t punished. Those executives include Fox News General Counsel Dianne Brandi ; former co-President Bill Shine ; former CFO Mark Kranz ; Judy Laterza, Mr. Ailes’s longtime executive assistant; and Peter Johnson Jr. , Mr. Ailes’s personal lawyer, people familiar with the matter say.

In an interview with the Journal, Ms. Luhn said Mr. Ailes harassed her and subjected her to “psychological torture” for years. She said Mr. Shine took steps to keep her from talking to the press, moving her between hotel rooms and at one point calling her father to arrange her placement in a psychiatric-care facility in Texas against her wishes. Eventually her lawyer negotiated a settlement with Fox. Ms. Brandi signed it while Messrs. Ailes and Shine signed a general release of known and unknown claims that was part of the separation agreement.

Mr. Shine resigned on May 1 amid criticism that he tolerated harassment. He couldn’t be reached for comment, but has previously denied wrongdoing or awareness of Mr. Ailes’s alleged misconduct.



Mr. Ailes outside the News Corp building in Manhattan days before he stepped down as Fox News Channel’s chairman and chief executive in July 2016. PHOTO: DREW ANGERER/GETTY IMAGES

With regards to Ms. Luhn, Mr. Shine has said previously he was trying to help.

Mr. Kranz was given immunity by prosecutors for speaking to them, people familiar with the matter said. He left the network last year after an internal inquiry found that he

was involved in making settlement payments to Mr. Ailes's alleged victims without the parent company's knowledge, the people said.

The federal probe is one front in a scandal that has tested Fox News and the leadership of 21st Century Fox for nearly a year. Executive Chairman Rupert Murdoch and his sons, co-executive chairman Lachlan Murdoch and Chief Executive James Murdoch, are trying put the crisis behind them and respond to critics who say Fox News' corporate culture has been hostile to women. The Murdoch sons said in the wake of Mr. Ailes's departure that they are committed to "maintaining a work environment based on trust and respect."

Meanwhile, the Murdochs must keep Fox News humming—it has long been a cable-news-ratings and profit juggernaut—even as top personalities depart. Prime-time star Bill O'Reilly left last month after revelations of settlement payments he and the company made to women who complained about sexual harassment. Mr. O'Reilly has denied wrongdoing and said he settled to shield his family from negative attention.

Investigators are also looking at Mr. Ailes's use of prominent private investigator Bo Dietl to probe the backgrounds of people perceived to be a threat to either Mr. Ailes or the channel, according to people familiar with the situation.

Mr. Dietl said in an interview with the Journal that he was used by Fox News to look into the pasts of Ms. Carlson and Andrea Mackris, a former producer who sued Mr. O'Reilly for harassment in 2004 and received a \$9 million settlement from Mr. O'Reilly. Mr. Dietl said he was hired to find information that could discredit the women's claims.

He said he had an investigator eavesdrop on Ms. Mackris's conversations at an establishment, in an effort to show she wasn't under duress from alleged harassment. A lawyer for Ms. Mackris didn't respond to a call seeking comment.

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