

# On Leadership



LEGAL SCHOLAR

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## News Corp leaders from James Murdoch to Les Hinton face killer question: Why no earlier internal investigation?



By: Ben W. Heineman Jr.

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There were at least three points in recent years when the leaders of News Corp and News International (News Corp's U.K. holding company for newspaper properties) could have ordered a no-holds-barred, independent internal investigation into illegal hacking practices by its reporters and their hired investigators.

In 2005, the leaders knew about hacking directed at Prince William—which led to prison for the News of the World “royals” reporter (and an outside private investigator).

Then in 2007 and again in 2009, News Corp executive Les Hinton, former chairman of News International and now CEO of Dow Jones (the News Corp unit that owns the Wall Street Journal), was hauled before parliament and blithely said there was no evidence that more than one reporter was involved in illegal hacking.

And recently James Murdoch, currently deputy chief operating officer of News Corp, has been settling cases on a confidential basis with individuals who came forward with evidence they had been “hacked”. He seems to have been remarkably incurious, though, about how many more cases might be in the queue.

It appears the leadership of News Corp and of News International for years have refused to undertake a full-scale, independent internal investigation to find out the scope of the illegality, fix blame internally, and change practices and culture to prevent recurrences in the future.

James Murdoch said recently that now-defunct tabloid News of the World and its corporate parent, News International, had failed to get to the bottom “of repeated wrong-doing that occurred” and “wrongly maintained that these issues were confined to one reporter.” In short, News Corp subsidiaries had not told parliament, the police and others the truth.

Why didn’t News Corp and its various arms years ago scrub the activities of its reporters and its executives, once the first cases of wrong-doing had emerged? Most major global corporations would have done just that.

One supposition is that they knew senior executives were involved in decision-making and approval of such activities, and didn’t want internal documents showing as much. A second supposition is that they strongly suspected endemic illegality but wanted to turn a blind eye for competitive reasons, since the scoops obtained through illicit means helped boost circulation and profitability.

In either event, this massive failure of leaders to seek the truth and act on it raises a fundamental question about the integrity and fitness of News Corp executives who touched News Corp UK newspapers. It is one of the “killer questions” that will be directed at Rupert Murdoch, James Murdoch and Rebekah Brooks (who resigned on Friday as News International head) when they appear before a parliamentary committee next week—under threat of subpoena, in the case of both Murdochs.

It is hard to imagine a good answer. The appearance is so strong that they haven’t wanted to shine a light of truth on their U.K. newspapers. Now they have lost control, and the independent investigation led by a respected member of the British judiciary is going to be painful—or worse.

In an interview with the Wall Street Journal on July 14, Rupert Murdoch suddenly announced that he would appoint an “independent” committee to “investigate every charge of improper conduct.” Great. But it’s at least six years too late. And it’s of a piece with other “dramatic” News Corp tactics: closing down News of the World, withdrawing a BSkyB deal, announcing a major share buy-back. These moves just try to deflect immediate attention from the ultimate question of culpability and possibly criminality in the executive levels, not just in the reportorial corps.

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