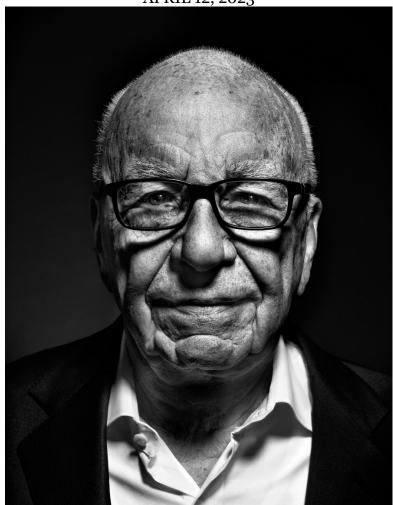
COVER STORY

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Inside Rupert Murdoch's Succession Drama

With the \$1.6 billion Dominion lawsuit threatening to hobble Fox News, the ink on his divorce to Jerry Hall still wet, and his broken engagement to Ann Lesley Smith even fresher, it's been a chaotic 12 months for the 92-year-old conservative media baron. As Fox and family insiders tell it, this could just be the beginning.

BY GABRIEL SHERMAN



APRIL 12, 2023

On the afternoon of July 2, 2022, <u>Rupert Murdoch</u>'s black Range Rover pulled up to a 12th-century stone church in Westwell, a storybook Cotswolds village 75 miles west of London. The then 91-year-old Fox Corporation chairman traveled to the Oxfordshire countryside to attend his 21-year-old granddaughter Charlotte Freud's wedding. Invitations instructed the 70 guests to wear "formal theatrical" attire. Murdoch emerged from his SUV looking like Tom Wolfe in a white suit, red suede shoes, and red tie. Then he nearly collapsed.

A day earlier, Murdoch was in a bed at Cromwell Hospital in London battling a serious case of COVID-19, two sources close to him said. Over the course of a week, doctors treated Murdoch's symptoms—labored breathing and fatigue—with supplemental oxygen and antibodies, one of the sources said. His recovery was frustratingly slow. At the wedding, Murdoch needed the help of his oldest son, Lachlan, to keep him on his feet. "Rupert was very weak. Lachlan was holding him up to get from place to place," a guest recalled.

COVID was only the most recent medical emergency that sent Murdoch to the hospital. In recent years, Murdoch has suffered a broken back, seizures, two bouts of pneumonia, atrial fibrillation, and a torn Achilles tendon, a source close to the mogul told me. Many of these episodes went unreported in the press, which was just how Murdoch liked it. Murdoch assiduously avoids any discussion of a future in which he isn't in command of his media empire. "I'm now convinced of my own immortality," he famously declared after beating prostate cancer in 1999 at the age of 69. He reminds people that his mother, Dame Elisabeth, lived until 103 ("I'm sure he'll never retire," she told me when I interviewed her in 2010, a day after her 101st birthday). But unlike the politicians Murdoch has bullied into submission with his tabloids, human biology is immovable. "There's been a joke in the family for a long time that 40 may be the new 30, but 80 is 80," a source close to Murdoch said. On March 11, he turned 92.



Media tycoon Rupert Murdoch, surrounded by (clockwise from top left) his fourth wife, Jerry Hall, exfiancée Ann Lesley Smith, and sons James and Lachlan Murdoch. ILLUSTRATION BY RISKO. Although he is a nonagenarian intent on living forever, Murdoch has been consumed with the question of his succession. He long wanted one of his three children from his second wife, Anna–Elisabeth, 54, Lachlan, 51, and James, 50–to take over the company one day. Murdoch believed a Darwinian struggle would produce the most capable heir. "He pitted his kids against each other their entire lives. It's sad," a person close to the family said. Elisabeth was by many accounts the sharpest, but she is a woman, and Murdoch subscribed to old-fashioned primogeniture. She quit the family business in 2000 and launched her own phenomenally successful television production company. Lachlan shared Murdoch's right-wing politics and atavistic love for newsprint and their homeland, Australia. "Lachlan was the golden child," the person close to the family said. But Murdoch worried that his easygoing son, who seemed happiest rock climbing, did not want the top job badly enough. In 2005, Lachlan, then News Corp's deputy chief operating officer, quit and moved back to Sydney after clashing with Fox News chief Roger Ailes and chief operating officer Peter Chernin. That left James as the heir apparent. For the next decade, James climbed the ranks, vowing to make the Murdoch empire carbon-neutral and investing in prestige media brands like Hulu and the National Geographic Channel. But James's liberal politics and desire to make News Corp respected in elite circles rankled Murdoch, who continued to woo Lachlan with Ahab-like determination. In 2015, the older son agreed to return from Australia as his father's heir. "It was a big slap in the face," a person close to James said.

Ascending to the throne and holding on to it are different propositions. Lachlan's future will be decided by his siblings, all of whom sit on the board of the trust that controls the company through a special class of stock. According to sources briefed on the trust's governance, Murdoch has four votes while Elisabeth, Lachlan, James, and Prudence, Murdoch's daughter from his first marriage, each have one. Murdoch's daughters Chloe and Grace from his third marriage, to Wendi Deng, have a financial stake but no voting rights. After Murdoch's death, his votes will be distributed equally among the four eldest children, the source said. "The question is, when Rupert dies, how are the kids aligned?" said a former News Corp executive.

"If we lose this suit, it's fucking bad," a senior Fox staffer told me.

The central fault line remains the rift between James and Lachlan. According to sources, the brothers no longer speak. James is horrified by Fox News and tells people the network's embrace of climate denialism, white nationalism, and stolen election conspiracies is a menace to American democracy. But to overthrow Lachlan and get control of Fox, James needs Elisabeth and Prudence to back him—and that is hardly assured. "James is a lone wolf," the former News Corp executive said. Politically, Elisabeth is liberal, but she has remained close with Rupert and Lachlan; she sat in a box with the pair at the Super Bowl. A person close to Elisabeth says she wants to enjoy the time she has left with her father. "She's terrified of Rupert dying mad at her," the source said. Prudence, who has stayed out of the family business, "is a wild card," the former News Corp executive said.

While the finale unfolds, Murdoch is trying to prove he has one last act in him. But his erratic performance, which has thrown his personal life and media empire into disarray, has left even those in his orbit wondering if he's lost the plot. Last June, Murdoch abruptly left his fourth wife, model-actor Jerry Hall. For two brief weeks this spring, he was <u>engaged to Ann Lesley Smith</u>, a 66-year-old former dental hygienist turned conservative radio host with QAnon-style politics. (Smith told an interviewer in 2022 that COVID was a "plandemic" hatched by Bill Gates at Davos.) "Rupert has been radicalized by his own echo chamber," said a person close to him, explaining his initial attraction to Smith. In January, Murdoch scuttled a plan to merge Fox and News Corp—which would have centralized Lachlan's control over the television and publishing divisions—after major shareholders balked. "It was a harebrained scheme. They got their ass handed to them by investors," said a person close to the Murdochs.

Murdoch's most damaging error, though, has been Fox News's coverage of President Donald Trump's 2020 defeat and its aftermath. The crisis has led to an existential threat: the <u>\$1.6 billion defamation lawsuit</u> Dominion Voting Systems brought against Fox News. The blockbuster trial is set to begin in April, but even if the parties settle before then, Dominion's legal filings have already publicized internal communications that revealed those at the highest levels of Fox News didn't believe Trump's stolen election conspiracies even as the network was cravenly promoting the lies for ratings. (In one email, Murdoch called Trump's fraud claims "really crazy stuff.") I've covered Fox News for more than a decade and wrote a <u>2014 biography of Ailes</u>, its longtime chairman and CEO. The Dominion lawsuit is the worst crisis at the network I've seen. In their own words, Fox hosts have been exposed as propagandists. "If we lose this suit, it's fucking bad," a senior Fox staffer told me.

There is an irony to Murdoch's current woes. He monetized outrage and grievance to build a conservative media empire that influenced politics on three continents for the last half century. Now these same forces are threatening to destroy his legacy, his stillvast media empire, and the family that stands to inherit it.

To understand how Murdoch got to this embattled chapter of his reign, it's helpful to go back to 2015 and a brief moment when he had everything he wanted. He had recruited his favorite son, Lachlan, back to News Corp after a 10-year absence to be his heir apparent. He had rehired <u>Rebekah Brooks</u>, the former CEO of his British tabloids, whom Murdoch treated like a surrogate daughter, after a London jury acquitted her of four criminal charges related to the phone-hacking scandal that roiled his UK business a few years earlier. An American election was on the horizon, and Fox News was primed to put a Republican in the White House after eight years of Barack Obama. At the age of 84, <u>newly divorced from Deng</u>, Murdoch fell in love with the supermodel Jerry Hall.



Clockwise from top left: Rupert Murdoch at the printing presses of the *New York Post* in 1978 two years after he purchased the tabloid. Rupert with second wife Anna and Elisabeth, Lachlan, and James in 1977. Anna and James in 1985. Rupert with oldest daughter Prudence at her 1985 wedding.BETTMAN ARCHIVE. BERNARD GOTFRYD/GETTY. MICHAEL BRENNAN/GETTY. MICHAEL BRENNAN/GETTY.

Murdoch seemed like the last man Hall would go out with. The 1970s fashion icon was a BBC-watching liberal 25 years Murdoch's junior. She previously dated rock stars Bryan Ferry and Mick Jagger, her longtime partner with whom she has four children. In 2013, Hall was in Melbourne playing Mrs. Robinson in the stage version of *The Graduate* when her friend Penny Fowler, Murdoch's niece, suggested they meet. Murdoch and Hall spent months emailing and talking on the phone before she agreed to a lunch date in New York. When Hall arrived, her hotel room was filled with flowers and chocolates. "He was an old-fashioned gentleman. We laughed together nonstop," she told friends. A couple of nights later, Murdoch took her to see Hamilton.

Soon they were a couple. "They seemed to our surprise very happy and a wonderful fit," recalled Hall's close friend Tom Cashin, who socialized with the pair. After a few weeks of dating, Murdoch and Hall flew on his private G650 jet to Texas to meet Hall's Fox

News–loving family. Hall left Texas at 16 to model in Europe, but as she watched her relatives line up to receive Murdoch like he was the king of red America, she realized that her family's approval meant a lot. Six months into the relationship, Murdoch proposed. "Mick was so unfaithful to you, I'd never be unfaithful," Murdoch told Hall, according to a person briefed on the conversation. They wed at an 18th-century mansion in London in March 2016, seven days before Murdoch's 85th birthday. "No more tweets for ten days or ever! Feel like the luckiest AND happiest man in world," he posted after the ceremony.

"There's been a joke in the family for a long time that 40 may be the new 30, but 80 is 80."

Murdoch's luck quickly ran out. He came down with a bad flu on their honeymoon in the South of France, according to a source. Then, in July, former *Fox & Friends* host Gretchen Carlson sued Ailes for sexual harassment. Murdoch desperately wanted to protect a longtime lieutenant and the \$1 billion in annual profits he delivered. But after Carlson's suit spurred dozens of women to come forward with horrific accounts of sexual abuse at Fox News, James and Lachlan, longtime Ailes antagonists, <u>forced</u> <u>Murdoch to push Ailes out</u>. James seized an opportunity to steer Fox to the center and recruited then CBS News president David Rhodes as Ailes's replacement. Rupert and Lachlan blocked the plan, with Rupert taking the Fox News CEO title instead. The message was clear: Ailes was gone, but Fox News wouldn't change.

With a background in newspapers, not TV, Murdoch delegated decisions to lowerranking Fox News executives. But the network was in chaos. For the first time since it launched in 1996, producers had to make programming calls without Ailes's daily directives. As they grasped for a strategy, they saw one topic boosted ratings more than anything else: Trump. It's ironic that Murdoch's fortunes would become entwined with Trump's, because Murdoch found Trump appalling. "Rupert knew he was an idiot," a person close to Murdoch said. Murdoch was a longtime champion of immigration reform and free trade and loathed Trump's nativism and know-nothingism. During the Republican primary, Murdoch waged a media campaign in the pages of *The Wall Street Journal* and on Fox News to deny Trump the nomination. Once Trump was in the White House, however, Murdoch went all in. Fox News became de facto state TV. It was a continuation of Murdoch's time-tested strategy of forging alliances with politicians across the ideological spectrum as long as they advanced his interests. (His UK papers had backed both Margaret Thatcher and Tony Blair.)

Trump more than delivered. One source with direct knowledge of their conversations told me Murdoch lobbied Trump to punish Facebook and Google for siphoning his newspapers' advertising revenue. In 2019, Trump's Justice Department launched an antitrust investigation of Google. In 2021, Google settled and struck a lucrative content-sharing deal with Murdoch. The source also said Murdoch pushed Trump to open up land for fracking to boost the value of Murdoch's fossil fuel investments. The Trump administration released nearly 13 million acres of federally controlled land to fracking companies. Murdoch, who sources say has become more pro-life in recent years, encouraged Trump to appoint judges who would overturn *Roe v. Wade.* "Rupert wanted Trump's Supreme Court justices in so they could make abortion illegal," a source who spoke to Murdoch said. Murdoch's alliance with Trump made Murdoch more powerful than ever but carried a personal cost.

For many American families during the Trump years, politics became a third rail. And so it was for the Murdochs. Among Murdoch's adult children, Elisabeth and James tilted #resistance, whereas Lachlan was hard-core MAGA. (The eldest Murdoch son was particularly close with Fox News host Tucker Carlson, sources said.) Meanwhile, Murdoch's new wife despised Trump—and let Murdoch know it. "During dinners we had with Jerry and Rupert, Jerry wouldn't hold back," Cashin, Hall's friend, said. According to a source, Murdoch wanted to buy a house in Florida to be closer to Mar-a-Lago, but Hall refused. Hall told friends she was alarmed by Trump's lack of qualifications or respect for the office. At a lunch shortly after the 2016 election, Hall asked Trump to reroute the Dakota Access Pipeline away from Native American reservations that were protesting the project. Trump responded by asking if she wanted to serve in his administration as head of the Bureau of Indian Affairs. "It was horrible. I couldn't wait to get away," she later told friends.

Discontent among the Murdochs simmered for the first months of Trump's term. But after the August 2017 neo-Nazi march in Charlottesville, Virginia, tensions boiled over. James and his wife, Kathryn, a former marketing communications professional turned philanthropist, were aghast that Trump's "very fine people on both sides" comment drew a moral equivalency between tiki-torch-wielding neo-Nazis chanting "Jews will not replace us!" and the counterprotesters standing up to them. James confronted Rupert and Lachlan about Fox News's full-throated defense of Trump's remarks. They rebuffed him. "They were both in denial. They didn't want to see it for what it was," a source briefed on the conversations said. Stymied, James took his criticism public. Days after the march, he donated \$1 million to the Anti-Defamation League and sent an email to friends, which promptly leaked to the press, that denounced Trump's refusal to condemn white supremacy. "I can't even believe I have to write this: standing up to Nazis is essential; there are no good Nazis. Or Klansmen, or terrorists," James wrote. It was an inflection point for James. He wanted out. At that very moment, Murdoch set in motion a media deal that would give the younger son a graceful and lucrative exit strategy.

Two days before the Charlottesville rally, Murdoch hosted Disney CEO Bob Iger for a glass of wine at his \$28.8 million Bel Air vineyard Moraga, one of the only vineyards in Los Angeles. As the two moguls discussed the rapidly shifting media landscape, Iger floated that Disney would be interested in buying 21st Century Fox, Murdoch's movie studio and entertainment assets. Murdoch would have flatly dismissed the overture in the past. He was, after all, a pirate who conquered media companies, not dispensed with them. But in the streaming age, legacy Hollywood players like Murdoch and Iger lacked

the scale to compete with tech giants like Apple, Amazon, and Netflix. The logic of selling 21st Century Fox to Disney made a lot of sense. Plus, Murdoch would get to keep Fox News and his beloved newspapers, the source of his political influence. Disney certainly wanted no part of those.



Clockwise from top left: Lachlan, James, Anna, and Rupert in 1987. James in 1996. James, Elisabeth, Rupert, and Lachlan in 2007. Lachlan in 2002.RON GALELLA/GETTY. ALLISON LEACH/CONTOUR/GETTY. TOM STODDART/GETTY. JEAN-CHRISTIAN BOURCART/GETTY.

James and Lachlan went to war with each other over the deal. James championed it for business reasons, but also because he and Iger discussed the possibility of James taking a high-level job at Disney after the acquisition. "James thought about what it might be like to have a boss who appreciates you for what you can do instead of a father that just sees you as the child where, no matter what you do, the other son is always better," a person close to James said. Lachlan, meanwhile, felt Rupert and James were rushing into a deal that undervalued Fox's assets. On top of that, the deal seemed like a massive bait and switch. A year earlier, Lachlan had moved his family from Australia to Los Angeles to be Rupert's successor. Now his father and younger brother wanted to sell off a huge swath of *his* future kingdom. It would leave Lachlan to run a rump state comprising Fox News, a dying broadcast network, Fox Sports, book publisher HarperCollins, and some newspapers. "Lachlan's whole self-image was that he was going to be the next Rupert," a person close to him said.

As James and Rupert pushed the deal forward in the fall of 2017, Lachlan seemed intent on derailing it. At a dinner with Iger, Lachlan unspooled a rant about illegal immigration that made Iger, an outspoken Democrat who flirted with his own presidential run, very uncomfortable, according to two sources briefed on the dinner. At another dinner in New York, Lachlan exploded at Rupert and James. "He said, 'If you do this deal, I'm never speaking to either of you again!' " recalled a person briefed on the conversation. (Another person close to Lachlan denies this.) Unable to quash it, Lachlan reached a breaking point. According to three sources, he suffered a panic attack about the merger and was briefly treated at an LA-area hospital. (The person close to Lachlan denied this.)

Eleven days before Christmas 2017, Disney and Murdoch announced they had reached a \$52.4 billion deal. Lachlan would stay on to run Fox News and the family's remaining assets. In 2019, Lachlan paid a reported \$150 million—the highest price in California history—for the 25,000-square-foot Bel Air estate featured in *The Beverly Hillbillies*. James took his walk-away money and launched a media fund called Lupa Systems, investing in liberal-leaning companies like Vice and Tribeca Enterprises. (*Lupa* is Italian for "she-wolf"—as in the one that raised brothers Romulus and Remus, the founders of Rome, before Romulus murdered Remus.)

For Murdoch, the Disney deal was a career triumph. It solved his succession problems. James was out. Lachlan was in. And the price that Disney ultimately paid climbed to \$71.3 billion, now seen as a high-water mark of the streaming content boom. The thrill didn't last. In early January 2018, Murdoch and Hall were sailing the Caribbean aboard Lachlan's 140-foot carbon-fiber yacht when disaster struck.



Lachlan Murdoch, co-chairman of Twenty-First Century Fox Inc., left, and James Murdoch, chief executive officer of Twenty-First Century Fox Inc., arrive for the Allen & Co. Media and Technology Conference in Sun Valley, Idaho, in 2016. BLOOMBERG/GETTY IMAGES



Lachlan Murdoch and Rupert Murdoch outside News Limited in Sydney. Rupert Murdoch is Chairman and CEO of News Corporation.FAIRFAX MEDIA/GETTY IMAGES

Hall was asleep in the stateroom aboard *Sarissa* when she bolted awake at the sound of Murdoch moaning in agony. She later told friends she found her 86-year-old husband in excruciating pain on the cabin floor. He said he fell down a step trying to get to the bathroom and couldn't get up. Hall alerted the captain. He quickly gave Murdoch a shot of a painkiller that allowed Murdoch to sleep fitfully while they sailed through the night to the nearest port, Pointe-à-Pitre, on the French island of Grande-Terre, in Guadeloupe. But the crisis kept getting worse. Lachlan's massive boat towered over the pier, and it was perilous to lower Murdoch in a stretcher. Once they managed to get Murdoch off the boat, they discovered the island's hospital was closed after a recent fire. Murdoch had to spend the night on a gurney under a tent in the parking lot until James's private jet landed with a medevac team. By the time Murdoch flew to a UCLA hospital, he was in critical condition. "He kept almost dying," a person close to the family said. Doctors diagnosed Murdoch with arrhythmia and a broken back. While examining the X-ray, they saw Murdoch had fractured vertebrae before, the person said. Murdoch explained it must have been from the time his ex-wife Deng pushed him into a piano during a fight, after which he spent weeks on the couch. (Deng did not respond to requests for comment.)

Murdoch's PR team scrambled to spin the sailing accident when reporters started calling. They leaked an email to show he was in command. "I have to work from home for some weeks. In the meantime, you'll be hearing from me by email, phone and text!" it said. But in reality, Murdoch was in terrible shape and required Hall to spoon-feed him for months. "Jerry was as sensitive with him as a full-time nurse would have been," her friend Cashin said. Then, in March 2019, Murdoch had another fall in his Bel Air home. This time, he tore his Achilles tendon tripping over the box of a chessboard Lachlan had given him for his 87th birthday. The injury confined Murdoch to a wheelchair for months, a source familiar with the incident said. Murdoch was in and out of the hospital with pneumonia and seizures. When COVID-19 emerged in early 2020, Murdoch's doctors told him he needed to take extreme precautions to protect himself.

While Fox News hosts railed against lockdowns and pushed dubious treatments like hydroxychloroquine, Murdoch followed the science. "He was scared for himself and was very careful," a person who spoke to Murdoch at the time recalled. According to sources, Murdoch and Hall quarantined in Bel Air without any staff for months. Hall bought robot vacuums to clean the floors, baked sourdough bread, and cooked simple meals of roast chicken, leg of lamb, and vegetarian pasta. During the day, Murdoch watched the stock market and took Zoom calls while Hall took online courses in UC Davis's winemaking program. (Hall told friends Murdoch wanted her to do it so he could write off \$3 million of vineyard expenses as long as she worked 500 hours a year on winemaking.) At night, she and Murdoch played chess, backgammon, and gin rummy. She usually won, she told friends, except when they played Liar's Dice. "He's a good liar!" she told them.

Murdoch was one of the first people in the world to be vaccinated in December 2020. As the months dragged on, Murdoch grew increasingly irate with Trump's erratic pandemic

policies, like the time Trump suggested Americans inject themselves with bleach to kill the virus. "Rupert had a strong view about how things were being mishandled," a former Trump administration official said. Through Fox News, Murdoch had more power than anyone in America to pressure Trump to take the pandemic seriously. He did nothing. In fact, he took no responsibility for the COVID misinformation Fox News pumped out day after day. When a friend told Murdoch that the channel was literally killing its elderly audience, Murdoch replied, "They're dying from old age and other illnesses, but COVID was being blamed," said a source briefed on the conversation. Having milked Trump for ratings and profit, Murdoch was looking toward a post-Trump future. Shortly before the 2020 election, according to the source, Murdoch invited Florida governor Ron DeSantis and his wife, Casey, for lunch at Murdoch's vineyard. As they dined outside on steak, Murdoch told DeSantis that Fox News would support him for president in 2024.



From left: Anna in 1985. Murdoch and Hall in 2019. With Smith in Barbados earlier this year. Murdoch and Deng in 2008.UNITED NEWS/POPPERFOTO/GETTY. TM/BAUER-GRIFFIN/GC IMAGES. STEFANIE KEENAN/WIRE IMAGE. BACKGRID.

Murdoch was over Trump, but the Fox News audience most certainly wasn't. The disconnect would soon ignite the biggest journalistic scandal in Fox's history. On election night, according to a source, Murdoch was home in Bel Air following the results

on television and fielding calls. At 11:20 p.m. Eastern, Fox News was the first major network to declare Arizona, a crucial battleground state, for Joe Biden, which would all but ensure his election. The Trump voters' official safe space was the first to break the bad news.

The call exploded like a bomb inside the Trump campaign and sent shock waves ripping through Fox News. Trump's son-in-law Jared Kushner called Murdoch and implored him to retract the Arizona call. Murdoch later testified he told Kushner, "Well, the numbers are the numbers." The call became a target of Trump's rage. "This is an embarrassment to this country. We were getting ready to win this election. Frankly, we did win this election," Trump declared at an angry early morning press conference in the East Room of the White House as Biden led Arizona by 10,000 votes. As Trump cried fraud, Murdoch told Fox executives that it was "bullshit and damaging" that Trump refused to concede. Murdoch told Fox News CEO Suzanne Scott that Fox shouldn't promote Trump's stolen election claims, according to court documents. "If Trump becomes a sore loser we should watch Sean [Hannity] especially and others don't sound the same. Not there yet but a danger," Murdoch emailed Scott.

But in the post-truth world Fox News viewers inhabited, numbers didn't matter. Fox viewers believed Trump's baseless claims that the election was stolen because Trump said so. What's more, many loyal Fox News watchers and Trump diehards bristled that the network had seemingly had a hand in delivering their president's election night defeat. The irony of a news outlet being punished by its most ardent audience members for committing an act of journalism didn't have much time to settle, as a siege mentality quickly set in. In the days after the election, Fox News hosts and executives panicked as they watched viewers flip to rival channels Newsmax and One America News, whose programs were hyping Trump's stolen election conspiracies. "Do the executives understand how much credibility and trust we've lost with our audience? We're playing with fire...An alternative like newsmax could be devastating to us," Tucker Carlson texted his producer the day Fox declared Biden the president-elect. In an email conversation, Scott told Murdoch that Fox News needed to appease Trump's base

immediately. "We need to make sure they know we aren't abandoning them and still champions for them," she wrote. Murdoch told her he agreed.

"James sees destroying Fox News as his mission in life."

What Murdoch did next, or more accurately *didn't* do, formed the core of Dominion Voting Systems' <u>\$1.6 billion defamation lawsuit against Fox News</u>. According to Dominion's court filings, Murdoch protected Fox News's ratings by allowing the network's hosts and guests to promote a batshit-crazy theory that algorithms inside Dominion machines secretly switched votes to Biden to steal the election, somehow at the behest of the Venezuelan government. Meanwhile, Murdoch looked for other measures to mollify Trump's audience. On November 20, Murdoch suggested to Scott that Fox fire its Washington managing editor, Bill Sammon, who was a senior executive on the Decision Desk that made the Arizona call. "Maybe best to let Bill go right away which would be a big message with Trump people," Murdoch said, according to court filings. Sammon retired in January 2021, the same month Fox let go of Chris Stirewalt, another Decision Desk member. According to court documents, Murdoch even discussed buying the rights to *The Apprentice*.

By mainstreaming Trump's stolen election conspiracy, Murdoch and Fox had unleashed dangerous authoritarian forces. Just how dangerous became apparent on January 6, 2021, when a pro-Trump mob rampaged through the Capitol trying to stop Congress from certifying Biden's election. Murdoch was horrified as he and Hall watched the attack unfold from home. Murdoch told Hall that Trump was "trying to kill Mike Pence because he was passing the presidency to Biden," said a source who spoke with Murdoch that day. "Rupert kept calling the White House, Trump, Jared, Sean Hannity, Paul Ryan, Mitch McConnell, trying to get Trump to stop it," said the source. But then, like a passing storm, Murdoch's outrage gave way to a sunnier view of the events. He later told Hall the rioters were just good old boys who got carried away, the source said. Murdoch's ability to blithely rationalize the violence on January 6 is a microcosm of how

he evaded any responsibility for the immense damage his media empire has done to the public square over the past 50 years.

As chaos engulfs Murdoch's empire, a shadow war over its future is playing out inside the family. Who among the Murdoch siblings will control the spoils, though, remains an open question. Two people close to James told me he is biding his time until he and his sisters can wrest control from Lachlan after Rupert is gone. "James, Liz, and Prudence will join forces and take over the company," a former Fox executive said. Some think James would purge Fox News and transform the network into a center-right alternative to CNN. Others think James would opt to sell Fox News to a private equity firm just so he could be rid of a toxic asset. Inside the network, there's a visceral fear of what a James-led future would mean. "James sees destroying Fox News as his mission in life," a senior Fox staffer told me.



From left: Elisabeth in 2009. Prudence in 2016. DAVID PAUL MORRIS/BLOOMBERG/GETTY. ALAN DAVIDSON/SHUTTERSTOCK.

Then again, does Lachlan even want the throne? Several sources speculated the elder Murdoch son may be running the company out of filial duty. When his father is gone, he may prefer to live the good life in Sydney. "Lachlan goes to the rock climbing gym every day. I think he has kind of lost interest since James left, but he is still trying to impress his dad," a person close to Lachlan told me. Other people I spoke to aren't convinced Lachlan would cede the crown. "Lachlan tells people he's determined to keep the company," the Fox staffer said. The person close to Lachlan said he's fully engaged in the job.

Of course, none of these scenarios are sure bets in a family as volatile as the Murdochs, in which allegiances can shift on a day-to-day basis and brute expedience often rules the day. Even though James and his sisters are politically aligned, it might not be enough to win their favor. James and Elisabeth have a complicated history. When James was in the crosshairs at the height of the UK phone-hacking scandal in 2011, Elisabeth told Rupert that James should be fired. When the Murdochs celebrated Lachlan's 40th birthday on Rupert's 184-foot yacht *Rosehearty* that September, Elisabeth left before James and Kathryn arrived.

After interviewing dozens of people for this story, I was struck by how sad all the Murdochs seem. Some Murdoch profiles liken his late career arc to Shakespeare's *King Lear*. Murdoch as the aging monarch confronting his mortality. I think the tale of King Midas is more accurate. Murdoch built a \$17 billion fortune out of a small newspaper company he inherited from his father. The only thing that mattered was profit. But amassing that wealth required Murdoch to destroy virtually anything he touched: the environment, women's rights, the Republican Party, truth, decency—even his own family. One source said Rupert got word to James that it would mean a lot if James attended his 90th birthday party, but James didn't go. According to another source, Lachlan told Rupert that James was leaking stories to the writers of *Succession*, HBO's acclaimed drama about a Murdoch-like media dynasty. (The person close to Lachlan

denies Lachlan told Rupert this.) A person close to James said he and Kathryn believed PR operatives aligned with Rupert and Lachlan were digging up dirt on them. Lachlan, meanwhile, had to flee Los Angeles because the Murdoch legacy was so toxic. According to two sources, Lachlan's family was ostracized in LA because of Fox News's climate change denialism. Lachlan moved his family back to Australia in March 2021. Elisabeth had crises of her own. In 2014, <u>she and PR guru Matthew Freud</u> filed for divorce after 13 years of marriage.

At the age of 91, Murdoch blew up his fourth marriage. Hall was waiting for Murdoch to meet her at their Oxfordshire estate last June when she checked her phone. "Jerry, sadly I've decided to call an end to our marriage," Murdoch's email began, according to a screenshot I read. "We have certainly had some good times, but I have much to do...My New York lawyer will be contacting yours immediately." Hall told friends she was blindsided. "Rupert and I never fought," she told people. There had been disagreements over his antiabortion views and some friction with the kids over Hall's rules about masking and testing before they saw Murdoch, according to sources. But Hall never felt Murdoch treated these as major issues. Hall and Murdoch finalized their divorce two months later. (One of the terms of the settlement was that Hall couldn't give story ideas to the writers on Succession.) Hall told friends she had to move everything out of the Bel Air estate within 30 days and show receipts to prove items belonged to her. Security guards watched as her children helped her pack. When she settled into the Oxfordshire home she received in the divorce, she discovered surveillance cameras were still sending footage back to Fox headquarters. Mick Jagger sent his security consultant to disconnect them.

Four months later, Hall got a potential answer for why Murdoch broke off the marriage. Newspapers around the world printed photos of Murdoch vacationing in Barbados with a new girlfriend, Smith. Murdoch and Hall had hosted Smith for dinner at their ranch in Carmel, California, about a year earlier. Smith was dating the ranch manager. At the time, Hall didn't think anything of it when Smith told Murdoch that he and Fox News were saving democracy. Or when she offered to give Murdoch a teeth cleaning. Or when Murdoch began making trips alone to Carmel, which he explained was because his daughter Grace wanted one-on-one time with him there. (A source close to Murdoch said such a dinner did not happen.) Looking back, Hall told friends that Murdoch had simply moved on, the way he had ended previous marriages. "She was devastated, mad, and humiliated," Cashin told me. On the first day of Lent in February, Hall told friends she made an effigy of Murdoch, tied dental floss around its neck, and burned it on the grill.



From left: Lachlan and his wife, Sarah, at the White House in 2019 at a state dinner hosted by President Donald Trump in honor of Australian prime minister Scott Morrison. James and his wife Kathryn in 2022.SHUTTERSTOCK. SPLASHNEWS.COM

In March, Murdoch announced he was marrying Smith, whose life has been a series of operatic ups and downs. In her 20s, Smith married John B. Huntington, a descendant of a California railroad fortune. They divorced, she has said, when he became an abusive alcoholic. She was suicidal, then found Jesus in a coffee shop and became a street preacher in Marin County. She married the country music singer and broadcast entrepreneur Chester Smith, who died in 2008. On Facebook, Smith shares a mix of inspirational self-help talk with Christian nationalism and right-wing conspiracy theories. "The voting process may be so corrupted we may live in a de facto dictatorship with oligarchal [*sic*] control by the party in charge now," one post said.

Murdoch and Smith had planned to marry this summer. He proposed with an 11-carat diamond engagement ring said to be worth upwards of \$2.5 million. Then, a little more than two weeks after rolling out news of their engagement, the pair abruptly called it off. One source close to Murdoch said he had become increasingly uncomfortable with Smith's outspoken evangelical views. "She said Tucker Carlson is a messenger from God, and he said nope," the source said. A spokesperson for Murdoch declined to comment. (Smith did not respond to requests for comment on social media.) Still, the future of Murdoch's hobbled empire depends on viewers who share Smith's very outlook. What struck me most as I read the Dominion court filings was the fear that Fox executives and hosts expressed of losing their audience if they reported the truth, that Trump lost. I was also struck by how diminished Murdoch's own influence was. After the election, Murdoch told Lachlan and Suzanne Scott that Fox hosts should say Biden won and move on, according to a source who spoke to Murdoch. "I told Rupert privately they are all there," Scott wrote in an ensuing email to a colleague. "We need to be careful about using the shows and pissing off the viewers but they know how to navigate."

At one point, Murdoch even lobbied Trump to concede. "Rupert called Trump before Biden's inauguration to tell him to accept defeat graciously and that he had left a good legacy and that this stolen election stuff would drag everyone down," the source said. Trump refused. "Trump threatened to start his own channel and put Fox out of business," the source said. Murdoch seemed trapped by the people he radicalized, like an aging despot hiding in his palace while the streets filled with insurrectionists.