Columbia Law Review Article on Sexual Harassment and Corporate Law Cites BLB&G's Celebrated 21st Century Fox Litigation

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In its forthcoming issue, the *Columbia Law Review* will publish the research paper, "Sexual Harassment and Corporate Law," written by University of Chicago Law School professors Daniel Hemel and Dorothy Lund. The paper, which explores the role of corporate and securities law in "regulating and remedying workplace misconduct," prominently features BLB&G's Twenty-First Century Fox settlement as an example of a favorable outcome for investors and contends that "shareholder lawsuits against corporations and their directors and officers arising out of workplace sexual misconduct deserve serious attention."

Inspired by the recent wave of sexual harassment allegations in the workplace that has swept across corporate America, the authors study four cases in which shareholders have filed lawsuits alleging that "corporate directors and officers breached their fiduciary duties and/or violated federal securities laws in connection with sexual harassment scandals at those firms." While the authors concede that actions bringing similar claims are not guaranteed success (as exemplified by the failure of suits against ICN, Hewlett-Packard, and American Apparel), they argue that, as reflected by the case against Twenty-First Century Fox and the subsequent settlement achieved, sexual harassment and misconduct can bring about "potentially viable claims under certain circumstances."

By way of background, in November 2017, BLB&G resolved a derivative shareholder suit against Twenty First Century Fox, Inc., on behalf of the City of Monroe (Michigan) Employees' Retirement System following public disclosures of a sexual harassment scandal at Fox News. Twenty First Century Fox agreed to settle the case after nearly 18 months of litigation, discovery and negotiation related to the misconduct and the Board's extensive alleged governance failures. The settlement includes two key components:

- The creation of the "Fox News Workplace Professionalism and Inclusion Council" ("WPIC") of experts, a majority of whom are independent of the Murdoch family and outside the Company and Board; and
- One of the largest financial recoveries - $90 million - ever obtained in a pure corporate board oversight dispute (recouped for the company from management).

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The WPIC – majority independent of the Murdochs, the Company and Board – was "tasked with strengthening reporting, bolstering sexual harassment-related training, and helping to recruit and promote the advancement of women and minorities."

According to the article's authors, the settlement prompted one corporate governance expert to predict that "we'll see a lot more derivative lawsuits and share price lawsuits over sexual harassment cases in coming months."

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