

News Corp settles shareholder lawsuit for US\$139m

NEW YORK, US: Rupert Murdoch's News Corp has reached a settlement with US shareholders over the media conglomerate's handling of the phone-hacking scandal in Britain that forced the closure of one of its top titles.

The settlement was worth US\$139m and both News Corp and one of the main plaintiffs, Amalgamated Bank, said the money would be paid out via insurance policies.

Shareholders argued the media giant failed in its obligation to defend their interests during the scandal, which forced Australian-born Murdoch to shut down the News of the World tabloid weekly after 168 years.

The closure came after revelations that News of the World staff had hacked into the voicemail messages of a murdered teenager and dozens of high-profile figures, sparking a public outcry.

The agreement covers a raft of suits filed by shareholders in 2011 and 2012 against News Corp directors.

Historic settlement

"We are proud of this historic settlement, which continues the 20-year history of Amalgamated Bank encouraging corporate reform and improved corporate governance," said Edward Grebow, CEO of the bank, which holds more than 455,000 shares.

Since the hacking scandal blew up, British police have made dozens of arrests under Operation Elveden, which is investigating journalists' alleged bribery of public officials, and Operation Weeting, its probe into phone hacking.

Further arrests have been made as a result of an investigation into alleged computer hacking and privacy breaches by journalists.

The agreement also resolves complaints over News Corp's February 2011 acquisition of British production company Shine Group, owned by Murdoch's daughter, Elizabeth Murdoch, for £415m (US\$632m).

According to the New York Times, the complainants felt the acquisition was not made in compliance with ethical rules.

Source: AFP, via I-Net Bridge