

From: Michaela Watson
Sent: Friday, 9 March 2012 6:35 PM
To: 'Gina Cass-Gottlieb'
Cc: Connie Godwin; Suzanne East
Subject: Letter attached, concerning your client, Mr Lachlan Murdoch [SEC=IN-CONFIDENCE]

Dear Gina

The letter as foreshadowed, I'll be in touch shortly regarding the basis on which the ACMA accepts confidential information,

Kind regards
Michaela



2012-03-08 - 1st
letter - inqu...

From: Gina Cass-Gottlieb [mailto:]
Sent: Thursday, 8 March 2012 6:32 PM
To: Michaela Watson
Cc: Connie Godwin
Subject: RE: Letter concerning your client, Mr Lachlan Murdoch [SEC=IN-CONFIDENCE]

Dear Michaela

Thank you very much for the update. I will watch out for your email.

Kind regards

Gina

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From: Michaela Watson [mailto:]
Sent: Thursday, 8 March 2012 6:31 PM
To: Gina Cass-Gottlieb
Cc: Connie Godwin
Subject: Letter concerning your client, Mr Lachlan Murdoch [SEC=IN-CONFIDENCE]

Dear Gina

I foreshadowed in a phone call this afternoon that I expected that a letter concerning your client, Mr Lachlan Murdoch and control issues, to reach you today; just advising that I hope to get it to you tomorrow by email.

Kind regards

Michaela

Michaela Watson
Manager
Media Ownership Diversity Section

Australian Communications and Media Authority

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8 March 2012

Gina Cass-Gottlieb
Partner
Gilbert + Tobin
Level 37
2 Park Street
SYDNEY NSW 2000

File Reference: ACMA2012/342

By email: [REDACTED]

Dear Ms Cass-Gottlieb

Inquiry in relation to recent reports in the Australian press

I refer to a telephone conversation between yourself and Ms Michaela Watson of the Australian Communications and Media Authority (**the ACMA**) of 8 March 2012 in which you confirmed that you are instructed by Mr Lachlan Murdoch in relation to our inquiries about his relationship with Mr Rupert Murdoch, News Limited and the associated newspapers controlled by News Limited (**'the News newspapers'**, set out in **Attachment A** to this letter).

On 28 September 2010, based on information provided by your client and his legal representatives, Ms Jonquil Ritter of the ACMA (Executive Manager, Citizen and Community Branch) wrote to you to advise that she had concluded that Mr Lachlan Murdoch and Mr Rupert Murdoch were not then associates in relation to the DMG radio licences and News newspapers.

In that letter, it was noted that if further information came to light which indicated that:

- Your client and Mr Rupert Murdoch have acted together or are acting together in any relevant dealings relating to the relevant companies, licences or newspapers; or
- Either your client or Mr Rupert Murdoch may be in a position to exert influence over the business dealings of the other in relation to the relevant companies, licences or newspapers;

the matter would be reopened and that the question of whether Mr Lachlan Murdoch and Mr Rupert Murdoch were associates for the purposes of the *Broadcasting Services Act 1992* (the Act) would be reconsidered.

Purpose of this letter

I seek current information about your client's relationship with Mr Rupert Murdoch.

Certain news reports (extracted in **Attachment B** of this letter) suggest a possible or prospective new involvement by Mr Lachlan Murdoch in the newspaper business of Mr Rupert Murdoch.

Of particular potential relevance are news reports suggesting Mr Lachlan Murdoch had a significant role in the appointment of the chief executive officer (CEO) of News Limited, a company which is in a position to exercise control of the News newspapers, as well as the removal of the former CEO and chairman of the board of News Limited.

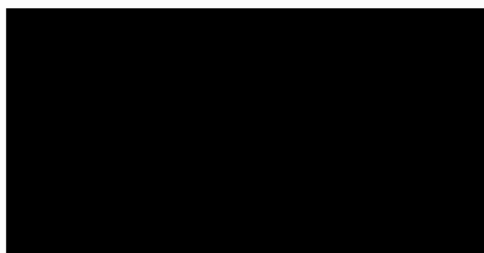
Also of potential relevance are news reports that Mr Lachlan Murdoch may shortly be appointed to the position of chairman of News Limited. Were this to happen, the ACMA would be almost certain to investigate whether, in all the circumstances, this appointment puts Mr Lachlan Murdoch in a position to exercise control of News Limited and the News newspapers, either on his own or together with any associate.

If Mr Lachlan Murdoch was in a position to exercise control of the News newspapers, along with his own radio and television interests, it would create an unacceptable 3-way control situation in several licence areas, in breach of section 61AMA of the Act.

I ask for your response by close of business on Monday, 26 March 2012.

Please do not hesitate to call Ms Michaela Watson on [REDACTED] if you would like to clarify any aspect of this letter.

Yours sincerely



Jennifer McNeill
A/g General Manager
Content, Consumer and Citizen Division

Attachment A

Associated Newspapers controlled by Mr Rupert Murdoch

Associated newspaper	Controllers	Radio licence area
<i>Daily Telegraph</i>	Carlholt (A.C.T) Pty. Limited Carlholt Holdings Pty. Limited Carlholt Investments Pty. Limited Cruden Financial Services LLC Karlholt Holdings Pty Limited Karlholt Pty Limited Keith Rupert Murdoch Nationwide News Pty. Limited News Australia Holdings Pty Limited News Australia Pty Limited News Corporation (US) News FHC Holdings LLC News Limited Queensland Press Pty Limited Tejeku Pty Ltd The Herald and Weekly Times Pty Limited	Sydney RA1
<i>Herald Sun</i>	Carlholt (A.C.T) Pty. Limited Carlholt Holdings Pty. Limited Carlholt Investments Pty. Limited Cruden Financial Services LLC Karlholt Holdings Pty Limited Karlholt Pty Limited Keith Rupert Murdoch News Australia Holdings Pty Limited News Australia Pty Limited News Corporation (US) News FHC Holdings LLC News Limited Queensland Press Pty Limited Tejeku Pty Ltd The Herald and Weekly Times Pty Limited	Melbourne RA1
<i>The Courier Mail</i>	Carlholt (A.C.T) Pty. Limited Carlholt Holdings Pty. Limited Carlholt Investments Pty. Limited Chesterland Pty Ltd Cruden Financial Services LLC Karlholt Holdings Pty Limited Karlholt Pty Limited Keith Rupert Murdoch News Australia Holdings Pty Limited News Australia Pty Limited	Brisbane RA1

Associated newspaper	Controllers	Radio licence area
	News Corporation (US) News FHC Holdings LLC News Limited Queensland Newspapers Pty. Ltd. Queensland Press Pty Limited Tejeku Pty Ltd The Herald and Weekly Times Pty Limited	
<i>The Advertiser</i>	Advertiser Newspapers Pty Limited Carlholt (A.C.T) Pty. Limited Carlholt Holdings Pty. Limited Carlholt Investments Pty. Limited Cruden Financial Services LLC Karlholt Holdings Pty Limited Karlholt Pty Limited Keith Rupert Murdoch News Australia Holdings Pty Limited News Australia Pty Limited News Corporation (US) News FHC Holdings LLC News Limited Queensland Press Pty Limited Tejeku Pty Ltd The Herald and Weekly Times Pty Limited	Adelaide RA1
<i>Northern Territory News</i>	Carlholt (A.C.T) Pty. Limited Carlholt Holdings Pty. Limited Carlholt Investments Pty. Limited Cruden Financial Services LLC Karlholt Holdings Pty Limited Karlholt Pty Limited Keith Rupert Murdoch Nationwide News Pty. Limited News Australia Holdings Pty Limited News Australia Pty Limited News Corporation (US) News FHC Holdings LLC News Limited Queensland Press Pty Limited Tejeku Pty Ltd The Herald and Weekly Times Pty Limited	Darwin RA1
<i>The Cairns Post</i>	Carlholt (A.C.T) Pty. Limited Carlholt Holdings Pty. Limited Carlholt Investments Pty. Limited Chesterland Pty Ltd Cruden Financial Services LLC Karlholt Holdings Pty Limited Karlholt Pty Limited Keith Rupert Murdoch News Australia Holdings Pty Limited	Cairns RA1

Associated newspaper	Controllers	Radio licence area
	News Australia Pty Limited News Corporation (US) News FHC Holdings LLC News Limited Queensland Press Pty Limited Tejeku Pty Ltd The Cairns Post Proprietary Limited The Herald and Weekly Times Pty Limited	
<i>Townsville Bulletin</i>	Carlholt (A.C.T) Pty. Limited Carlholt Holdings Pty. Limited Carlholt Investments Pty. Limited Cruden Financial Services LLC Karlholt Holdings Pty Limited Karlholt Pty Limited Keith Rupert Murdoch Nationwide News Pty. Limited News Australia Holdings Pty Limited News Australia Pty Limited News Corporation (US) News FHC Holdings LLC News Limited Queensland Press Pty Limited Tejeku Pty Ltd The Herald and Weekly Times Pty Limited The North Queensland Newspaper Company Pty Limited	Townsville RA1
<i>The Gold Coast Bulletin</i>	Carlholt (A.C.T) Pty. Limited Carlholt Holdings Pty. Limited Carlholt Investments Pty. Limited Chesterland Pty Ltd Cruden Financial Services LLC Gold Coast Publications Pty. Limited Karlholt Holdings Pty Limited Karlholt Pty Limited Keith Rupert Murdoch News Australia Holdings Pty Limited News Australia Pty Limited News Corporation (US) News FHC Holdings LLC News Limited Queensland Press Pty Limited Tejeku Pty Ltd The Herald and Weekly Times Pty Limited	Gold Coast RA1
<i>Geelong Advertiser</i>	A.C.N. 105 222 026 Pty Limited Carlholt (A.C.T) Pty. Limited Carlholt Holdings Pty. Limited Carlholt Investments Pty. Limited Cruden Financial Services LLC	Geelong RA1

Associated newspaper	Controllers	Radio licence area
	Geelong Advertiser (Holdings) Proprietary Limited Geelong Advertiser Proprietary Limited Karlholt Holdings Pty Limited Karlholt Pty Limited Keith Rupert Murdoch Nationwide News Pty. Limited News Australia Holdings Pty Limited News Australia Pty Limited News Corporation (US) News FHC Holdings LLC News Limited Queensland Press Pty Limited Tejeku Pty Ltd The Herald and Weekly Times Pty Limited	
<i>The Mercury</i>	Carlholt (A.C.T) Pty. Limited Carlholt Holdings Pty. Limited Carlholt Investments Pty. Limited Cruden Financial Services LLC Davies Brothers Pty Limited Karlholt Holdings Pty Limited Karlholt Pty Limited Keith Rupert Murdoch News Australia Holdings Pty Limited News Australia Pty Limited News Corporation (US) News FHC Holdings LLC News Limited Queensland Press Pty Limited Tejeku Pty Ltd The Herald and Weekly Times Pty Limited	Hobart RA1

Attachment B

Recent Newspaper reports

The Australian Financial Review, James Chessell, 9 January 2012:

The phone hacking scandal in Britain has not just weakened the position of his brother James – once regarded as heir apparent- but brought Lachlan closer to his father...In Australia, the 40 year-old will also have a greater say in the direction of the family business following the resignation of former News Ltd chief executive and chairman John Hartigan in November. ...The cold war that has characterised Lachlan Murdoch- News Ltd relations for the bulk of the past decade is now over.

The Australian, Mr Mark Day, 6 February 2012:

...but when Lachlan left the business in 2005 their paths diverged and relationships became strained. Lachlan remains on the News Corporation board but relinquished the chairmanship of News Limited to Hartigan.

It is today widely understood that Rupert Murdoch would like his son to return to the business. When Williams was appointed chief executive, Rupert took the chairmanship of News Limited, leading to speculation he was about to take a greater interest in Australian affairs. I do not believe this is so. He is merely keeping the seat warm for Lachlan.

...

The expected return of Lachlan Murdoch raises some eyebrows among Williams watchers. They say Williams would not be comfortable with someone looking over his shoulder, but there is little doubt that Williams took the job knowing what was planned. It is said Lachlan was the architect of Williams' appointment [as Chief Executive Officer].

The Sun Herald, John Burns and Ravi Somaiya, 19 February 2012:

In a gesture aimed at restoring morale in his battered newspaper empire in Britain, Rupert Murdoch has walked the floor of his flagship British tabloid, *The Sun*, with his son Lachlan, ended suspensions of reporters and editors who have been arrested in a Scotland Yard corruption scandal and announced a new Sunday edition.

The presence of Lachlan Murdoch on the tour signalled to observers of the Murdoch family's internal dramas that James Murdoch - the heir apparent and overall head of British newspaper operations until the phone hacking scandal erupted last year - may have ceded his place to his older brother.

Lachlan, once heir apparent himself, had a falling out with News Corporation executives in 2005.

The Australian Financial Review, John Burns and Ravi Somaiya, 20 February 2012:

Meanwhile, within the company, according to a person familiar with internal discussions, plans to bring Rupert Murdoch's eldest son, Lachlan, who is 40, back into the operation

have been stepped up, as was evident in Lachlan's presence on the newsroom tour. Murdoch's youngest son, James, 39, head of his father's European and Asian operations, has been the executive directly overseeing the British newspaper operations since 2007. He has faced allegations in British Parliament and elsewhere of taking part in a cover-up of the scandal – something he has vigorously denied – or, at least, of bungling the company's handling of the crisis.

Lachlan had once been groomed as his father's successor, working particularly closely in Australia with John Hartigan, who stepped down as chairman and chief executive of the Australian arm of his father's business, News Limited, in November. But Lachlan left the News Corporation hierarchy in 2005 after a feud with Roger Ailes, chairman of Fox News, and Peter Chernin, then News Corporation's president and chief operating officer.

Lachlan was particularly galled to find Hartigan unwelcoming towards him on his return to Australia, said this person, who spoke anonymously in order to discuss internal family matters.

The announcement of Hartigan's unexpected departure was made personally by Rupert Murdoch on a visit to Australia.

"His going," the person said, "is another step to clearing the way for Lachlan."

A spokeswoman for News Corporation declined to comment on the matter.