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8 *Counsel for Plaintiff*

9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11 \_\_\_\_\_, Individually and on behalf  
12 of all others similarly situated,

13 Plaintiff,

14 v.

15 FOX CORPORATION, LACHLAN  
16 MURDOCH, RUPERT MURDOCH,  
17 and STEVEN TOMSIC

18 Defendants.  
19

Case No.

CLASS ACTION COMPLAINT FOR  
VIOLATION OF THE FEDERAL  
SECURITIES LAWS

JURY TRIAL DEMANDED

20  
21 Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all other  
22 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s  
23 complaint against Defendants (defined below), alleges the following based upon  
24 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and  
25 belief as to all other matters, based upon, inter alia, the investigation conducted by  
26 and through his attorneys, which included, among other things, a review of the  
27 Defendants’ public documents, announcements, United States Securities and

1 Exchange Commission (“SEC”) filings, wire and press releases published by and  
2 regarding Fox Corporation (“Fox” or the “Company”), and information readily  
3 obtainable on the Internet. Plaintiff believes that substantial evidentiary support will  
4 exist for the allegations set forth herein after a reasonable opportunity for discovery.

5 **NATURE OF THE ACTION**

6 1. This is a class action on behalf of persons or entities who purchased or  
7 otherwise acquired publicly traded Fox securities between February 9, 2021 and  
8 March 11, 2023, inclusive (the “Class Period”). Plaintiff seeks to recover  
9 compensable damages caused by Defendants’ violations of the federal securities  
10 laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

11 **JURISDICTION AND VENUE**

12 2. The claims asserted herein arise under and pursuant to §§10(b) and  
13 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and §78t(a)) and Rule 10b-5  
14 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

15 3. This Court has jurisdiction over the subject matter of this action under  
16 28 U.S.C. §1331 and §27 of the Exchange Act.

17 4. Venue is proper in this judicial district pursuant to §27 of the Exchange  
18 Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as the alleged misstatements entered  
19 and the subsequent damages took place in this judicial district.

20 5. In connection with the acts, conduct and other wrongs alleged in this  
21 Complaint, Defendants (defined below), directly or indirectly, used the means and  
22 instrumentalities of interstate commerce, including but not limited to, the United  
23 States mail, interstate telephone communications and the facilities of the national  
24 securities exchange.  
25

26 **PARTIES**

1           6.     Plaintiff, as set forth in the accompanying Certification, purchased the  
2 Company's securities at artificially inflated prices during the Class Period and was  
3 damaged upon the revelation of the alleged corrective disclosure.

4           7.     Defendant Fox purports to be a "news, sports and entertainment  
5 company, which manages and reports its business in the following segments:

- 6           • **Cable Network Programming**, which produces and licenses news and  
7 sports content distributed through traditional cable television systems,  
8 direct broadcast satellite operators and telecommunication companies  
9 ("traditional MVPDs"), virtual multi-channel video programming  
10 distributors ("virtual MVPDs") and other digital platforms, primarily in  
11 the U.S.
- 12           • **Television**, which produces, acquires, markets and distributes  
13 programming through the FOX broadcast network, advertising  
14 supported video-on-demand ("AVOD") service TUBI, 29 full power  
15 broadcast television stations, including 11 duopolies, and other digital  
16 platforms, primarily in the U.S. Eighteen of the broadcast television  
17 stations are affiliated with the FOX Network, 10 are affiliated with  
18 MyNetworkTV and one is an independent station.
- 19           • **Other, Corporate and Eliminations**, which principally consists of the  
20 FOX Studio Lot, Credible Labs Inc. ("Credible"), corporate overhead  
21 costs and intracompany eliminations. The FOX Studio Lot, located in  
22 Los Angeles, California, provides television and film production  
23 services along with office space, studio operation services and includes  
24 all operations of the facility. Credible is a U.S. consumer finance  
25 marketplace.

26           8.     Defendant Fox is incorporated in Delaware and its corporate  
27 headquarters are located at 1211 Avenue of the Americas, New York, NY 10036.  
28 Fox's Class A stock trades on the NASDAQ Exchange under the ticker symbol  
"FOXA", and its Class B stock trades on the NASDAQ under the ticker symbol  
"FOX."

1           9. Defendant Lachlan Murdoch has served as the Chief Executive Officer  
2 (“CEO”) since the 2019 spinoff of the Company from 21st Century Fox (the  
3 “Spinoff”). In addition, he is the Executive Chair of the Board of Directors (the  
4 “Board”)

5           10. Defendant Rupert Murdoch has served as the Chair of the Board for the  
6 Company since the Spinoff.

7           11. Steven Tomsic (“Tomsic”) has served as Fox’s Chief Financial Officer  
8 (“CFO”) since the Spinoff.

9           12. Defendants Lachlan Murdoch, Rupert Murdoch, and Steven Tomsic  
10 are sometimes referred to herein as the “Individual Defendants.”

11           13. The Individual Defendants:

- 12           (a) directly participated in the management of the Company;  
13           (b) were directly involved in the day-to-day operations of the Company at  
14           the highest levels;  
15           (c) were privy to confidential proprietary information concerning the  
16           Company and its business and operations;  
17           (d) were directly or indirectly involved in drafting, producing, reviewing  
18           and/or disseminating the false and misleading statements and  
19           information alleged herein;  
20           (e) were directly or indirectly involved in the oversight or implementation  
21           of the Company’s internal controls;  
22           (f) were aware of or recklessly disregarded the fact that the false and  
23           misleading statements were being issued concerning the Company;  
24           and/or  
25           and/or  
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1 (g) approved or ratified these statements in violation of the federal  
2 securities laws.

3 14. The Company is liable for the acts of the Individual Defendants and its  
4 employees under the doctrine of *respondeat superior* and common law principles  
5 of agency because all of the wrongful acts complained of herein were carried out  
6 within the scope of their employment.

7 15. The scienter of the Individual Defendants and other employees and  
8 agents of the Company is similarly imputed to the Company under *respondeat*  
9 *superior* and agency principles.

10 16. The Company and the Individual Defendants are referred to herein,  
11 collectively, as the “Defendants.”

## 12 **SUBSTANTIVE ALLEGATIONS**

### 13 **Background**

14 17. In the aftermath of the hotly contested 2020 U.S. Presidential election,  
15 Fox Corporation, the parent of Fox News, was named as a defendant in multiple  
16 lawsuits. These included a lawsuit filed by Smartmatic USA Corp. (“Smartmatic”)  
17 and multiple lawsuits Dominion Voting Systems, Inc., Dominion Voting Systems  
18 Corporation, and US Dominion, Inc. (collectively, “Dominion”), which were  
19 consolidated, for defamation. These lawsuits were filed as a result of statements that  
20 were made, endorsed, or propagated on Fox News to the effect that these companies  
21 had engaged in voter fraud during the 2020 election, among other allegations.  
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1           18.    The first of these actions, *Smartmatic USA Corp v. Fox News Corp. et*  
2 *al.*, was filed by Smartmatic in New York State Court on February 8, 2021.  
3  
4 Smartmatic states on its website that it is suing Fox News because “Fox News’  
5 disinformation campaign had a direct and harmful impact on Smartmatic’s ability to  
6 conduct business in the United States and around the world now and in the future.  
7  
8 Accordingly, Smartmatic is defending itself against false, inaccurate, and  
9 disparaging attacks made by Fox News. We also believe that efforts to cast doubt on  
10 the integrity of the U.S. election system undermine democracy and reflect negatively  
11 on the hardworking, dedicated election officials who ensure the integrity of  
12 elections.”  
13  
14

15           19.    The Smartmatic action named Fox Corporation, Fox hosts Maria  
16 Bartiromo, Lou Dobbs, and Jeanine Pirro as defendants. It also named Fox guests  
17 Rudy Giuliani and Sidney Powell as defendants. Smartmatic seeks \$2.7 billion  
18 dollars in damages.  
19  
20

21           20.    On March 26, 2021, Dominion sued Fox News Network LLC, a  
22 subsidiary of Fox Corporation, in Delaware state court. In a separate and now  
23 consolidated matter, it sued Fox Corporation and Fox Broadcasting LLC. In the  
24 ongoing matter, Dominion alleges the following:  
25

26           Fox endorsed, repeated, and broadcast a series of verifiably false yet  
27 devastating lies about Dominion. These outlandish, defamatory, and far-  
28

1 fetched fictions included Fox falsely claiming that: (1) Dominion committed  
2 election fraud by rigging the 2020 Presidential election; (2) Dominion’s  
3 software and algorithms manipulated vote counts in the 2020 Presidential  
4 election; (3) Dominion is owned by a company founded in Venezuela to rig  
5 elections for the dictator Hugo Chávez; and (4) Dominion paid kickbacks to  
6 government officials who used its machines in the 2020 Presidential election.

7 Fox recklessly disregarded the truth. Indeed, Fox knew these statements  
8 about Dominion were lies. Specifically, Fox knew the vote tallies from  
9 Dominion machines could easily be confirmed by independent audits and  
10 hand recounts of paper ballots, as has been done repeatedly since the election.  
11 Fox also knew that these lies were being rebutted by an increasingly long list  
12 of bipartisan election officials, election security experts, judges, then-  
13 Attorney General Bill Barr, then-United States Director of the Cybersecurity  
14 and Infrastructure Security Agency Chris Krebs, Election Assistance  
15 Commissioner Ben Hovland, Republican Georgia Governor Brian Kemp,  
16 Republican Georgia Secretary of State Brad Raffensperger, and Republican  
17 former Colorado Secretary of State Wayne Williams, to name a few—not to  
18 mention some within Fox itself.

19 21. Dominion seeks over \$1.6 billion dollars in damages as well as punitive  
20 damages.

### 21 **Materially False and Misleading Statements**

22 22. On February 9, 2021, Fox filed with the SEC its quarterly report on  
23 Form 10-Q for the period ended December 31, 2020 (the “2Q20 Report”). Attached  
24 to the 2Q20 Report were certifications pursuant to the Sarbanes-Oxley Act of 2002  
25 (“SOX”) signed by Defendants Lachlan Murdoch and Tomsic attesting to the  
26 accuracy of financial reporting, the disclosure of any material changes to the  
27 Company’s internal control over financial reporting and the disclosure of all fraud.

28 23. The 2Q20 Report was false and misleading because it did not mention  
the Smartmatic litigation, which had been filed the prior day, and was never amended

1 before the subsequent 10-Q to mention any legal risks stemming from defamation  
2 litigation filed by Smartmatic.

3 24. On May 6, 2021, Fox filed with the SEC its quarterly report on Form  
4 10-Q for the period ended March 31, 2021 (the “3Q20 Report”). Attached to the  
5 3Q20 Report were certifications pursuant to SOX signed by Defendants Lachlan  
6 Murdoch and Tomsic attesting to the accuracy of financial reporting, the disclosure  
7 of any material changes to the Company’s internal control over financial reporting  
8 and the disclosure of all fraud.

9 25. In its discussion of the Smartmatic and Dominion litigations, in the  
10 “Commitments and Contingencies” section of its report, Fox understated the  
11 seriousness of the matters by stating, in pertinent part, that they were “without  
12 merit”:  
13

14 From time to time, the Company and its news businesses, including FOX  
15 News Media and the FOX Television Stations, and their employees are  
16 subject to lawsuits alleging defamation or disparagement. These include  
17 lawsuits filed by Smartmatic USA Corp. and certain of its affiliates  
18 (collectively, “Smartmatic”) in February 2021 and Dominion Voting Systems,  
19 Inc. and certain of its affiliates (collectively, “Dominion”) in March 2021. ***The  
20 Company believes these lawsuits, including the Smartmatic and Dominion  
21 matters, are without merit and intends to defend against them vigorously.***  
22 To date, none of the amounts the Company has paid in settlements of  
23 defamation or disparagement claims or reserved for pending or future claims  
24 is material, individually or in the aggregate, to the Company. The amount of  
25 additional liability, if any, that may result from these or related matters cannot  
26 be estimated at this time. However, the Company does not currently anticipate  
27 that the ultimate resolution of any such pending matters will have a material  
28 adverse effect on its business, financial condition, results of operations or cash  
flows.

(Emphasis added).

1           26. On August 10, 2021, Fox filed with the SEC its 2020 Annual report on  
2 Form 10-K for the year ended June 30, 2021 (the “2020 Annual Report”). Attached  
3 to the 2020 Annual Report were certifications pursuant to SOX signed by  
4 Defendants Lachlan Murdoch and Tomsic attesting to the accuracy of financial  
5 reporting, the disclosure of any material changes to the Company’s internal control  
6 over financial reporting, and the disclosure of all fraud. The 2020 Annual Report  
7 was also signed by Defendant Rupert Murdoch.

8           27. The two separate lawsuits were not discussed in the risk section of the  
9 2020 Annual Report. Rather, the company stated generally that unfavorable  
10 litigation or changes to the law could affect its business.

11           28. In its discussion of the Smartmatic and Dominion litigations, in the  
12 “Commitments and Contingencies” section of the 2020 Annual Report, Fox  
13 understated the seriousness of the matters by stating, in pertinent part, that they were  
14 “without merit”:  
15

16           From time to time, the Company and its news businesses, including FOX  
17 News Media and the FOX Television Stations, and their employees are  
18 subject to lawsuits alleging defamation or disparagement. These include  
19 lawsuits filed by Smartmatic USA Corp. and certain of its affiliates  
20 (collectively, “Smartmatic”) in February 2021 and Dominion Voting  
21 Systems, Inc. and certain of its affiliates (collectively, “Dominion”) in March  
22 2021. ***The Company believes these lawsuits, including the Smartmatic and  
23 Dominion matters, are without merit and intends to defend against them  
24 vigorously.*** To date, none of the amounts the Company has paid in  
25 settlements of defamation or disparagement claims or reserved for pending  
26 or future claims is material, individually or in the aggregate, to the Company.  
27 The amount of additional liability, if any, that may result from these or related  
28 matters cannot be estimated at this time. However, the Company does not  
currently anticipate that the ultimate resolution of any such pending matters  
will have a material adverse effect on its business, financial condition, results  
of operations or cash flows.

1 (Emphasis added.)

2 29. Further, the 2020 Annual Report risks related to the Company's brand  
3 and overall image. However, it was misleading in that it did not state that negative  
4 publicity relating to the two lawsuits, particularly as facts would emerge over time  
5 through the discovery process or in trial, could hurt the Company's brand. In  
6 pertinent part, the 2020 Annual Report stated the following:  
7

8 Our brands, particularly the FOX brand, are among our most valuable assets.  
9 We believe that our brand image, awareness and reputation strengthen our  
10 relationship with consumers and contribute significantly to the success of our  
11 business. Maintaining, further enhancing and extending our brands may  
12 require us to make significant investments in marketing, programming or new  
13 products, services or events. These investments may not be successful. We  
14 may introduce new programming that is not popular with our consumers and  
15 advertisers, which may negatively affect our brands. To the extent our content,  
16 in particular our live news and sports programming and primetime  
17 entertainment programming, is not compelling to consumers, our ability to  
18 maintain a positive reputation may be adversely impacted. ***Governmental  
19 scrutiny and fines and significant negative claims or publicity regarding the  
20 Company or its operations, content, products, management, employees,  
21 practices, advertisers, business partners and culture, including individuals  
22 associated with content we create or license, may damage the Company's  
23 reputation and brands, even if such claims are untrue.*** Furthermore, to the  
24 extent our marketing, customer service and public relations efforts are not  
25 effective or result in negative consumer reaction, our ability to maintain a  
26 positive reputation may likewise be adversely impacted. If we are not  
27 successful in maintaining or enhancing the image or awareness of our brands,  
28 or if our reputation is harmed for any reason, it could have a material adverse  
effect on our business, financial condition and results of operations.

(Emphasis added).

30. In the Company's quarterly reports filed with the SEC on Form 10-Q  
on November 4, 2021 (reporting for September 30, 2021, the "1Q21 Report"),

1 February 9, 2022 (Reporting for December 31, 2021, the “2Q21 Report”), and May  
2 10, 2022 (Reporting for March 31, 2022, the “3Q21 Report”), which contained  
3 certifications pursuant to SOX signed by Defendants Lachlan Murdoch and Tomsic,  
4 the Company similarly stated that the Smartmatic and Dominion lawsuits were  
5 “without merit,” materially understating the extent of its legal exposure.

6 31. On August 12, 2022, Fox filed with the SEC its 2021 Annual report on  
7 Form 10-K for the year ended June 30, 2022 (the “2021 Annual Report”). Attached  
8 to the 2021 Annual Report were certifications pursuant to SOX signed by  
9 Defendants Lachlan Murdoch and Tomsic attesting to the accuracy of financial  
10 reporting, the disclosure of any material changes to the Company’s internal control  
11 over financial reporting, and the disclosure of all fraud. The 2021 Annual Report  
12 was also signed by Defendant Rupert Murdoch.

13 32. The two separate lawsuits were not discussed in the risk section of the  
14 2020 Annual Report. Rather, the company stated generally that unfavorable  
15 litigation or changes to the law could affect its business. Under “Note 14.  
16 Commitments and Contingencies”, the Company briefly mentioned the two cases,  
17 and stated that they were “without merit.”

18 33. Further, the 2021 Annual Report noted that there were risks related to  
19 the Company’s brand and overall image. However, it was misleading in that it did  
20 not state that negative publicity relating to the two lawsuits, particularly as facts  
21 would emerge over time through the discovery process or in trial, could hurt the  
22 Company’s brand. In pertinent part, the 2021 Annual Report

23  
24 Our brands, particularly the FOX brand, are among our most valuable assets.  
25 We believe that our brand image, awareness and reputation strengthen our  
26 relationship with consumers and contribute significantly to the success of our  
27 business. Maintaining, further enhancing and extending our brands may  
28 require us to make significant investments in marketing, programming or new

1 products, services or events. These investments may not be successful. We  
2 may introduce new programming that is not popular with our consumers and  
3 advertisers, which may negatively affect our brands. To the extent our content,  
4 in particular our live news and sports programming and primetime  
5 entertainment programming, is not compelling to consumers, our ability to  
6 maintain a positive reputation may be adversely impacted. ***Governmental  
7 scrutiny and fines and significant negative claims or publicity regarding the  
8 Company or its operations, content, products, management, employees,  
9 practices, advertisers, business partners and culture, including individuals  
10 associated with content we create or license, may damage the Company's  
11 reputation and brands, even if such claims are untrue.*** Furthermore, to the  
12 extent our marketing, customer service and public relations efforts are not  
13 effective or result in negative consumer reaction, our ability to maintain a  
14 positive reputation may likewise be adversely impacted. If we are not  
15 successful in maintaining or enhancing the image or awareness of our brands,  
16 or if our reputation is harmed for any reason, it could have a material adverse  
17 effect on our business, financial condition and results of operations.

18 (Emphasis added.)

19 34. In the Company's quarterly reports filed with the SEC on Form 10-Q  
20 on November 1, 2022 (reporting for September 30, 2022, the "1Q22 Report") and  
21 February 8, 2023 (Reporting for December 31, 2022, the "2Q22 Report"), which  
22 contained certifications pursuant to SOX signed by Defendants Lachlan Murdoch  
23 and Tomsic, the Company similarly stated that the Smartmatic and Dominion  
24 lawsuits were "without merit," materially understating the extent of its legal  
25 exposure.

26 35. While the Company acknowledged in the 2Q22 Report that Dominion's  
27 lawsuit against it will go to trial in April of 2023, it was materially misleading  
28 because it deemed the matters "without merit" while failing to acknowledge that the  
Company's efforts to dismiss the cases before trial (such as through a motion to  
dismiss) had failed, indicating the gravity of the matter.

1  
2 36. The statements referenced in ¶¶ 22-35 above, made by or attributed to  
3 Defendants, were materially false and/or misleading because they misrepresented  
4 and failed to disclose the following adverse facts pertaining to the Company's  
5 business, operational and financial results, which were known to Defendants or  
6 recklessly disregarded by them. Specifically, Defendants made false and/or  
7 misleading statements and/or failed to disclose that: (1) the Company's top  
8 executives knew that claims to the effect that Dominion or Smartmatic had  
9 improperly swayed the 2020 U.S. Presidential Election were false; (2) Allowing  
10 guests or hosts to make false statements regarding Dominion or Smartmatic's  
11 businesses exposed the Company to legal action; and (3) it then understated the risk  
12 stemming from the eventual lawsuits filed by Smartmatic and Dominion against the  
13 Company, and (4) as a result, Defendants' statements about its business, operations,  
14 and prospects, were materially false and misleading and/or lacked a reasonable basis  
15 at all relevant times.

16  
17 **THE TRUTH BEGINS TO EMERGE**

18 37. On March 9, 2022, before market hours, *The Washington Post* released  
19 an article entitled "Judge denies Fox News motion to dismiss defamation suit by  
20 election-tech company Smartmatic", which highlighted how a New York state court  
21 judge had denied Fox's motion to dismiss in the Smartmatic lawsuit. The article  
22 highlighted that the Judge who denied the motion to dismiss as it pertained to Fox  
23 had stated that Smartmatic has a legitimate basis to argue that "Fox news had reason  
24 to suspect that what it was broadcasting was false" when the network aired  
25 unfounded claims by various figures regarding Smartmatic. The judge further stated,  
26 in pertinent part:

1 “Even assuming that Fox News did not intentionally allow this false narrative  
2 to be broadcasted, there is a substantial basis for plaintiffs’ claim that, at a  
3 minimum, Fox News turned a blind eye to a litany of outrageous claims about  
4 plaintiffs, unprecedented in the history of American elections, so inherently  
5 improbable that it evinced a reckless disregard for the truth”

6 38. On this news, FOXA declined from a closing price of \$41.84 on March  
7 8, 2022 to a closing price of \$40.87 on March 9, 2022, a 2.3% decline. On March  
8 10, 2022, FOXA fell to a closing price of \$39.79 per share, a further 2.6% decline.

9 39. FOX declined from a closing price of \$38.20 on March 8, 2022 to a  
10 closing price of \$37.43 on March 9, 2022, a 2% decline. On March 10, 2022, it fell  
11 to a closing price of \$36.61, a further 2.19% decline.

12 40. On February 18, 2023, outside of market hours, ABC News released an  
13 article entitled “Dominion voting case exposes post-election fear at Fox News.” The  
14 article discussed how there was “panic” at Fox News after it called the 2020  
15 Presidential election in Joe Biden’s favor. The worry was specifically over, whether  
16 by calling the election (or certain states) for Biden, Fox stood to alienate itself from  
17 its viewers, who would then switch to more conservative news outlets, such as  
18 Newsmax. The article repeated Dominion’s allegation that, in response to  
19 temporarily declining ratings compared to Newsmax, Fox began to cater to claims  
20 of electoral fraud and suppressed instances of Fox employees not agreeing with  
21 unsubstantiated allegations of electoral fraud.

22 41. On February 20, 2023, *The Guardian* released an article entitled “How  
23 Dominion Voting Systems filing proves Fox News was ‘deliberately lying.’” This  
24 article quoted Harvard Law Professor Lawrence Tribe as saying that Dominions’  
25 brief requesting summary judgment against Fox for defamation is “likely to succeed  
26 and likely to be a landmark” in the history of freedom of speech and freedom of the  
27

1 press. Tribe further stated, “I have never seen a defamation case with such  
2 overwhelming proof that the defendant admitted in writing that it was making up  
3 fake information in order to increase its viewership and its revenues[. . .] Fox and its  
4 producers and performers were lying as part of their business model,” and “[. . .]  
5 There is no genuinely disputed fact. The defendants were deliberately lying in a  
6 manner that was per se libelous and they clearly knew it.”

7 42. The article also quoted Scott Horton, a lecturer at Columbia Law  
8 School, who stated, in response to discovery that had taken place in the *Dominion*  
9 action, “[t]his is the most remarkable discovery filing I’ve ever read in a commercial  
10 litigation. A summary judgment motion by a plaintiff in this kind of case is almost  
11 unheard of. These suits usually fail because you can’t prove the company you’re  
12 suing knew they were spreading falsehoods. That you would have evidence they  
13 knew it was a lie is almost unheard of . . . in this case the sheer volume of all the  
14 email and text messages is staggering.”

15 43. On this news, FOXA declined \$0.86 on February 21, 2023, or 2.32%.  
16 FOX declined \$0.86 or 2.5% on February 21, 2023.

17 44. On February 28, 2023, before the market opened, Business Insider  
18 released an article entitled “Rupert Murdoch’s son Lachlan ordered Fox News host  
19 to rein in ‘smug and obnoxious’ anti-Trump comments about the 2020 election, court  
20 docs show. The article discussed how Defendant Lachlan Murdoch ordered a  
21 network anchor, Leland Vittert, to be reprimanded for challenging former President  
22 Trump’s voting fraud claims.  
23

24 45. On the same day, *The New York Times* released an article entitled “Fox  
25 Leaders Wanted to Break From Trump but Struggled to Make it Happen.” The article  
26 discussed how, five days after a mob of supporters of then-President Trump attacked  
27  
28

1 the U.S. Capitol, Fox Board member Anne Dias, reached out to Defendants Rupert  
2 and Lachlan Murdoch to say that “[c]onsidering how important Fox News has been  
3 as a megaphone for Donald Trump,” it was time to “take a stance.”

4 46. Dias further stated that she thought Fox News and the nation faced an  
5 “existential moment.” After Dias’ email, Defendant Rupert Murdoch reportedly told  
6 Lachlan Murdoch, “[j]ust tell her we have been talking internally and intensely.”  
7 Further, he said that Fox was “pivoting as fast as possible,” but, tellingly, that “[w]e  
8 have to lead our viewers, which is not as easy as it might seem.”

9 47. On this news, FOXA declined \$0.66, or 1.84% from the prior day’s  
10 close, and FOX declined \$0.60, or 1.82%, from the prior day’s close. On March 1,  
11 2023, FOXA declined a further \$0.22, or 0.62%, and FOX declined a further \$0.21,  
12 or 0.65%.

13 48. On March 8, 2023, after market hours, *The Daily Beast* released an  
14 article entitled “Fox News Journalists Sound Off on ‘Soul-Crushing’ Dominion  
15 Filings.” The article discussed how former CEO Scott warned after the 2020 election  
16 that the Company shouldn’t “give the crazies an inch,” and quoted Rupert Murdoch  
17 as conceding that Trump’s claims of election fraud were “really crazy stuff.”

18 49. The article also quoted a Fox journalist as saying that an overarching  
19 fear of the Company’s was that Newsmax would overtake it as the premier cable  
20 television destination for conservative audiences. Specifically, the journalist said,  
21 “[g]enerally speaking it was very clear that Fox leadership was incredibly worried  
22 about Newsmax and viewer backlash[.] It was clear we were operating from a place  
23 of fear and bad decisions were made.”

24 50. The article quoted another Fox employee as saying “[t]he biggest eye  
25 opener of all of this is the paranoia at the highest levels of the company. That an  
26  
27

1 upstart like Newsmax can even be in the same arena as Fox for them. [. . .] That to  
2 me is the most revealing of all of this is that the people in the positions of power—  
3 Rupert, Lachlan, Scott, all of them—they were actually genuinely concerned and  
4 paranoid that without pandering to the Trump base and entertaining the lies, that they  
5 would actually crumble as a business. That’s just ridiculous in my mind.

6 51. On this news, FOXA declined by \$1.23 per share, or 3.56%, on March  
7 9, 2023, to close at \$33.27. FOX declined by \$1.21 per share, or 3.8%, to close at  
8 \$30.63.

9 52. Then, on March 11, 2023, MSNBC released an article entitled “The  
10 true cost of Dominion’s devastating Fox News bombshells.” This article was written  
11 by a former trial lawyer, who highlighted how Dominion not only has the stronger  
12 argument in its litigation against the Company, but how punitive damages under  
13 New York State law would not be capped, leaving the Company with considerable  
14 financial exposure. The article noted, in pertinent part:  
15

16 “[. . .] Dominion doesn’t just have the upper hand, it has the truth on its side.  
17 If Dominion is successful, then all that would be left to determine is the  
18 amount of damages that Dominion is entitled to receive. That’s where the  
19 numbers become astronomical. ***Dominion is seeking \$1.6 billion in lost  
20 profits and reputational harm. But it’s also seeking punitive damages,  
21 which are not capped under New York state law and could also be in the  
22 billions of dollars. Punitive damages are intended to punish the wrongdoer  
23 and to deter others from repeating that egregious conduct. And a multi-  
24 billion-dollar punitive damages verdict would not just punish Fox News. It  
25 would send a ringing message to all media companies to keep themselves in  
26 check and uphold the truth.***”

27 (Emphasis added.)  
28

1           53. On this news, FOXA declined by \$0.86 per share, or 2.59%, on March  
2 13, 2023, to close at \$32.28. FOX declined by \$0.78 per share, or 2.55%, to close at  
3 \$29.73.

4           54. As a result of Defendants’ wrongful acts and omissions, and the  
5 precipitous decline in the market value of the Company’s common shares, Plaintiff  
6 and the other Class members have suffered significant losses and damages.

7                           **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

8           55. Plaintiff brings this action as a class action pursuant to Federal Rule of  
9 Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who  
10 purchased or otherwise acquired the publicly traded securities of Fox during the  
11 Class Period (the “Class”) and were damaged upon the revelation of the alleged  
12 corrective disclosure. Excluded from the Class are Defendants herein, the officers  
13 and directors of the Company, at all relevant times, members of their immediate  
14 families and their legal representatives, heirs, successors or assigns and any entity  
15 in which Defendants have or had a controlling interest.  
16

17           56. The members of the Class are so numerous that joinder of all members  
18 is impracticable. Throughout the Class Period, the Company’s securities were  
19 actively traded on the NASDAQ. While the exact number of Class members is  
20 unknown to Plaintiff at this time and can be ascertained only through appropriate  
21 discovery, Plaintiff believes that there are hundreds or thousands of members in the  
22 proposed Class. Record owners and other members of the Class may be identified  
23 from records maintained by the Company or its transfer agent and may be notified  
24 of the pendency of this action by mail, using the form of notice similar to that  
25 customarily used in securities class actions.  
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1           57. Plaintiff's claims are typical of the claims of the members of the Class  
2 as all members of the Class are similarly affected by Defendants' wrongful conduct  
3 in violation of federal law that is complained of herein.

4           58. Plaintiff will fairly and adequately protect the interests of the members  
5 of the Class and has retained counsel competent and experienced in class and  
6 securities litigation. Plaintiff has no interests antagonistic to or in conflict with those  
7 of the Class.

8           59. Common questions of law and fact exist as to all members of the Class  
9 and predominate over any questions solely affecting individual members of the  
10 Class. Among the questions of law and fact common to the Class are:

- 11           (a) whether Defendants' acts as alleged violated the federal securities  
12 laws;
- 13           (b) whether Defendants' statements to the investing public during the  
14 Class Period misrepresented material facts about the financial  
15 condition, business, operations, and management of the Company;
- 16           (c) whether Defendants' statements to the investing public during the  
17 Class Period omitted material facts necessary to make the statements  
18 made, in light of the circumstances under which they were made, not  
19 misleading;
- 20           (d) whether the Individual Defendants caused the Company to issue false  
21 and misleading SEC filings and public statements during the Class  
22 Period;
- 23           (e) whether Defendants acted knowingly or recklessly in issuing false and  
24 misleading SEC filings and public statements during the Class Period;  
25  
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1 (f) whether the prices of the Company's securities during the Class Period  
2 were artificially inflated because of the Defendants' conduct  
3 complained of herein; and

4 (g) whether the members of the Class have sustained damages and, if so,  
5 what is the proper measure of damages.

6 60. A class action is superior to all other available methods for the fair and  
7 efficient adjudication of this controversy since joinder of all members is  
8 impracticable. Furthermore, as the damages suffered by individual Class members  
9 may be relatively small, the expense and burden of individual litigation make it  
10 impossible for members of the Class to individually redress the wrongs done to  
11 them. There will be no difficulty in the management of this action as a class action.

12 61. Plaintiff will rely, in part, upon the presumption of reliance established  
13 by the fraud-on-the-market doctrine in that:

14 (a) Defendants made public misrepresentations or failed to disclose  
15 material facts during the Class Period;

16 (b) the omissions and misrepresentations were material;

17 (c) the Company's securities are traded in efficient markets;

18 (d) the Company's securities were liquid and traded with moderate to  
19 heavy volume during the Class Period;

20 (e) the Company traded on the NASDAQ, and was covered by multiple  
21 analysts;

22 (f) the misrepresentations and omissions alleged would tend to induce a  
23 reasonable investor to misjudge the value of the Company's securities;  
24 Plaintiff and members of the Class purchased and/or sold the  
25 Company's securities between the time the Defendants failed to  
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1 disclose or misrepresented material facts and the time the true facts  
2 were disclosed, without knowledge of the omitted or misrepresented  
3 facts; and

4 (g) Unexpected material news about the Company was rapidly reflected  
5 in and incorporated into the Company's stock price during the Class  
6 Period.

7 62. Based upon the foregoing, Plaintiff and the members of the Class are  
8 entitled to a presumption of reliance upon the integrity of the market.

9 63. Alternatively, Plaintiff and the members of the Class are entitled to the  
10 presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens*  
11 *of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as  
12 Defendants omitted material information in their Class Period statements in  
13 violation of a duty to disclose such information, as detailed above.  
14

15 **COUNT I**

16 **Violation of Section 10(b) of The Exchange Act and Rule 10b-5**

17 **Against All Defendants**

18 64. Plaintiff repeats and realleges each and every allegation contained  
19 above as if fully set forth herein.

20 65. This Count is asserted against the Company and the Individual  
21 Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. §  
22 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

23 66. During the Class Period, the Company and the Individual Defendants,  
24 individually and in concert, directly or indirectly, disseminated or approved the  
25 false statements specified above, which they knew or deliberately disregarded were  
26 misleading in that they contained misrepresentations and failed to disclose material  
27

1 facts necessary in order to make the statements made, in light of the circumstances  
2 under which they were made, not misleading.

3 67. The Company and the Individual Defendants violated §10(b) of the  
4 1934 Act and Rule 10b-5 in that they: employed devices, schemes and artifices to  
5 defraud; made untrue statements of material facts or omitted to state material facts  
6 necessary in order to make the statements made, in light of the circumstances under  
7 which they were made, not misleading; and/or engaged in acts, practices and a  
8 course of business that operated as a fraud or deceit upon plaintiff and others  
9 similarly situated in connection with their purchases of the Company's securities  
10 during the Class Period.

11 68. The Company and the Individual Defendants acted with scienter in that  
12 they knew that the public documents and statements issued or disseminated in the  
13 name of the Company were materially false and misleading; knew that such  
14 statements or documents would be issued or disseminated to the investing public;  
15 and knowingly and substantially participated, or acquiesced in the issuance or  
16 dissemination of such statements or documents as primary violations of the  
17 securities laws. These defendants by virtue of their receipt of information reflecting  
18 the true facts of the Company, their control over, and/or receipt and/or modification  
19 of the Company's allegedly materially misleading statements, and/or their  
20 associations with the Company which made them privy to confidential proprietary  
21 information concerning the Company, participated in the fraudulent scheme alleged  
22 herein.  
23

24 69. Individual Defendants, who are the senior officers and/or directors of  
25 the Company, had actual knowledge of the material omissions and/or the falsity of  
26 the material statements set forth above, and intended to deceive Plaintiff and the  
27



1 **COUNT II**

2 **Violation of Section 20(a) of The Exchange Act**

3 **Against The Individual Defendants**

4 74. Plaintiff repeats and realleges each and every allegation contained in  
5 the foregoing paragraphs as if fully set forth herein.

6 75. During the Class Period, the Individual Defendants participated in the  
7 operation and management of the Company, and conducted and participated,  
8 directly and indirectly, in the conduct of the Company's business affairs. Because  
9 of their senior positions, they knew the adverse non-public information regarding  
10 the Company's business practices.

11 76. As officers of the Company, the Individual Defendants had a duty to  
12 disseminate accurate and truthful information with respect to the Company and to  
13 correct promptly any public statements issued by the Company which had become  
14 materially false or misleading.

15 77. Because of their positions of control and authority as senior officers,  
16 Individual Defendants were able to, and did, control the contents of the various  
17 reports, press releases and public filings which the Company disseminated in the  
18 marketplace during the Class Period. Throughout the Class Period, Individual  
19 Defendants exercised their power and authority to cause the Company to engage in  
20 the wrongful acts complained of herein. The Individual Defendants therefore, were  
21 "controlling persons" of the Company within the meaning of Section 20(a) of the  
22 Exchange Act. In this capacity, they participated in the unlawful conduct alleged  
23 which artificially inflated the market price of the Company's securities.

24 78. The Individual Defendants, therefore, acted as controlling persons of  
25 the Company. By reason of their senior management positions, the Individual  
26  
27

1 Defendants had the power to direct the actions of, and exercised the same to cause,  
2 the Company to engage in the unlawful acts and conduct complained of herein. The  
3 Individual Defendants exercised control over the general operations of the  
4 Company and possessed the power to control the specific activities which comprise  
5 the primary violations about which Plaintiff and the other members of the Class  
6 complain.

7 79. By reason of the above conduct, the Individual Defendants are liable  
8 pursuant to Section 20(a) of the Exchange Act for the violations committed by the  
9 Company.  
10

11 **PRAYER FOR RELIEF**

12 WHEREFORE, Plaintiff demands judgment against Defendants as follows:

13 A. Determining that the instant action may be maintained as a class action  
14 under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as  
15 the Class representative;

16 B. Requiring Defendants to pay damages sustained by Plaintiff and the  
17 Class by reason of the acts and transactions alleged herein;

18 C. Awarding Plaintiff and the other members of the Class prejudgment  
19 and post-judgment interest, as well as their reasonable attorneys' fees, expert fees  
20 and other costs; and

21 D. Awarding such other and further relief as this Court may deem just and  
22 proper.

23 **DEMAND FOR TRIAL BY JURY**

24 Plaintiff hereby demands a trial by jury.  
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Respectfully submitted,

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