

# CBS sues to block effort to 'force' merger with Viacom

May 14 2018

---



A lawsuit alleges that controlling CBS shareholder Shari Redstone is seeking to force a merger with media rival Viacom on unfavorable terms for CBS

US media giant CBS filed suit Monday, alleging that majority shareholder Shari Redstone is seeking to "force" a merger with rival

Viacom on unfavorable terms.

The lawsuit filed in Delaware Chancery Court claims "breaches of fiduciary duty" by Shari Redstone and National Amusements, the holding company created by her father, 94-year-old Sumner Redstone.

CBS is seeking a temporary restraining order "to protect the status quo and to prevent imminent and irreparable harm" from merging CBS and Viacom, two media groups which were split a decade ago by Sumner Redstone.

The lawsuit alleges that Shari Redstone is seeking "to force through a merger of CBS and Viacom on terms that are contrary to the best interests of the public stockholders—without allowing them any voice on the transaction."

This effort "would subvert the board-approved Special Committee process," evaluating a tie-up of the two firms.

CBS said in February it had established a committee to consider reuniting the two companies, combining CBS with Viacom's networks which include Nickelodeon, MTV, BET and Comedy Central.

The companies previously explored a combination in 2016, but later abandoned the effort.

Shari Redstone, acting on behalf of her father, effectively controls both firms through National Amusements through special voting shares.

CBS has called a special board meeting for Thursday that will consider issuing a dividend that would dilute the voting power of the holding company from 79 percent to 17 percent.

The dividend "would enable the company to operate as an independent, non-controlled [company](#) and more fully evaluate strategic alternatives," a CBS statement said.

The lawsuit said Shari Redstone could force a merger by replacing CBS board members.

"If Ms. Redstone can replace Board members or modify the Company's governance documents in the next three days, it is uncertain that the board will be able to protect all stockholders by considering at the next Board meeting whether to take action in response to her threats and breaches of fiduciary duty," the suit alleges.

© 2018 AFP

Citation: CBS sues to block effort to 'force' merger with Viacom (2018, May 14) retrieved 20 September 2024 from <https://phys.org/news/2018-05-cbs-sues-block-effort-merger.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.