

Redstone family blocks move to dilute its CBS vote power

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Shari Redstone, who controls CBS through the family holding company National Amusements, denounced a "brazen" effort by the media firm's board to dilute her voting shares

The struggle over the future of CBS Corp. took a new twist Wednesday as the holding company for controlling shareholder Shari Redstone said it revised the bylaws of the media group, a move aimed at heading off an effort to dilute her voting power.

National Amusements Inc said the move was designed "to safeguard against unlawful action by CBS and its special committee" which had been moving to weaken the control of Shari Redstone, daughter of the ailing 94-year-old former chairman Sumner Redstone.

Under the new bylaws, any change in voting power would require a "supermajority," according to a statement from National Amusements.

The holding company said it acted to head off "the irresponsible action taken by CBS and its special committee," claiming it "put in motion a chain of events that poses significant risk to CBS."

CBS said the move "provides further evidence of why we concluded that we had no choice but to file our action in the Delaware courts, in order to protect the interests of all CBS shareholders. "

It added that "we are confident in our position and look forward to presenting our case in court."

The family holding company owns around 10 percent of the equity of CBS but its special voting shares give it approximately 80 percent of the voting power.

National Amusements took the action days after CBS filed suit alleging that Shari Redstone was seeking to "force" a merger with rival Viacom on unfavorable terms.

The two sides were headed for a court hearing on a CBS request for a restraining order against Shari Redstone ahead of a board meeting Thursday.

CBS said its board committee had recommended a special dividend that would have the effect of diluting the voting power of the Redstone family.

The lawsuit alleges that Shari Redstone is seeking to force through a merger of CBS and media rival Viacom "on terms that are contrary to the best interests of the public stockholders."

Redstone's court brief called the CBS effort a "brazen attempt to disenfranchise a controlling stockholder" and said the holding company "does not have, and has never had, any intention of replacing the CBS Board or taking other action to force a merger."

The lawsuit is the latest drama involving the media-entertainment empire built by Sumner Redstone, whose fitness and mental status have been questioned in legal proceedings.

A decade ago, Sumner Redstone split CBS and

Viacom but retained control of both media firms through his holding company.

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

A separate legal clash ended in 2016 when Viacom chief Philippe Dauman agreed to step down and drop his lawsuit alleging a power grab by Shari Redstone in the absence of her incapacitated father.

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