



News Corp. Director Leading Phone-Hack Probe Has Personal Ties to Murdoch

By Ronald Grover and Tom Schoenberg - Aug 8, 2011

[News Corp. \(NWSA\)](#)'s independent directors, obligated to assess Rupert Murdoch and other top executives' handling of the company's phone-hacking scandal, are relying for guidance on Viet Dinh, a board member with personal ties to the Murdoch family.

Dinh, 43, is point man between the independent board members and a panel that New York-based [News Corp. \(NWS\)](#) created to cooperate with authorities probing phone hacking by the defunct News of the World tabloid and to evaluate company standards.

A Washington attorney and Georgetown University Law Center professor, Dinh has been a friend of Chief Executive Officer Rupert Murdoch's oldest son Lachlan since 2003 and is godfather to Lachlan's second child. In 1992, a decade before they met, the South China Morning Post, then owned by Murdoch, helped Dinh free his sister from a [Hong Kong](#) refugee camp.

"Usually it's required that an investigation like this is undertaken by a committee of independent directors," said Jay Lorsch, a Harvard Business School professor who has served on the boards of four publicly traded companies. "It's very hard to be objective if you're involved in any way -- financially or emotionally -- with the family of the chief executive you are supposed to be supervising."

Dinh will update directors on the scandal at a board meeting tomorrow in [Los Angeles](#), two people familiar with the situation said. The "management and standards" committee, established by News Corp. last month, reports to board member and Executive Vice President Joel Klein, a former assistant U.S. attorney general and New York City schools chief, who then reports to Dinh, the company said in a July 18 statement.

[Elisabeth Murdoch](#)

The independent directors, who hold nine of the 16 seats, have held frequent phone meetings in recent weeks to discuss the company's handling of the phone-hacking scandal.

The controversy led to the resignations of two executives, the shutdown of the 168-year-old newspaper and the termination of News Corp.'s 7.8 billion-pound (\$12.8 billion) bid to buy the 61

percent of [British Sky Broadcasting Group Plc \(BSY\)](#) it doesn't already own. At least 11 people have been arrested.

On Aug. 5, Dinh said Elisabeth Murdoch won't seek election to the board this year. She was expected to join after News Corp. bought her Shine Group TV production company. Murdoch raised the issue with the independent directors some weeks ago, Dinh said yesterday in an e-mailed statement. They agreed that the previously planned nomination should be delayed.

She would have become the fourth Murdoch on the board, along with her father and brothers Lachlan and James.

Investor Concerns

The same day, investors holding 1.31 million voting and nonvoting News Corp. shares asked to meet with the company's lead independent director on ways to restore investor confidence.

"As long-term shareholders, we are concerned about the future of News Corp.," Wespath Investment Management, writing for a group of institutional investors, said in a letter to Roderick Eddington. "An examination of News Corp.'s corporate governance reveals several areas of concern, including dual chairman/CEO role, a high number of inside or affiliated directors, and a dual share class structure."

Dinh, a former assistant attorney general credited with writing portions of the USA Patriot Act, joined News Corp.'s board in 2004. He and [Lachlan Murdoch](#), 39, met in June 2003 at the Aspen Institute conference on journalism and homeland security, according to a person familiar with the situation. The two became close, with Lachlan introducing Dinh to Rupert, a person with knowledge of the friendship said.

Freeing His Sister

A decade before that meeting, News Corp.'s [South China Morning Post](#) helped Dinh free his sister from a refugee camp for Vietnamese boat people in Hong Kong. She was the last of nine family members to leave the country, and in 1992 had been held for three years.

Dinh wrote a 1992 New York Times op-ed article about his sister. It was followed by an NBC TV story and then a series of articles by the South China Morning Post. At the time, Dinh wasn't aware News Corp. owned the Post, one of the people said.

Dinh declined to comment for this story, as did Lachlan Murdoch, who is an investor in Australian media companies and has been a News Corp. board member since 1996. Teri Everett, a News Corp. spokeswoman, had no comment.

Bloomberg LP, the parent of Bloomberg News, competes with News Corp. units in providing financial news and information.

Venture capitalist Tom Perkins, another News Corp. director, was among those who suggested Dinh serve as point man for the board's role in the investigation, according to one person familiar with the situation. Perkins had sought Dinh's advice after resigning from Hewlett-Packard Co.'s board in 2006 to protest that company's probe of media leaks.

Murdoch Stake

The elder Murdoch, 80, controls News Corp. through an almost 40 percent stake in the Class B voting shares, according to company filings and data compiled by Bloomberg. Those shares represent a 12 percent economic interest in the company, when non-voting stock is counted as well.

Dinh has experience navigating contentious board issues, said Michael Carvin, a former [Justice Department](#) official in the Reagan Administration who worked with Dinh in a challenge to the U.S. auditing-oversight board created under the [Sarbanes-Oxley Act](#).

"He has the integrity and the smarts to know that if he trims the sails, he's not doing his job and not doing News Corp. any favors," said Carvin, a partner at [Jones Day](#) in [Washington](#).

Bradford Berenson, who worked with Dinh on the Patriot Act, recalls a "vivid" memory of being huddled with him and other administration officials in the DaimlerChrysler offices in Washington hours after the September 2001 terrorist attacks.

Fled Vietnam

Dinh appeared unshaken by the horror, Berenson said.

"It seemed somewhat incongruous given the circumstances," said Berenson, now a partner at Sidley Austin in Washington. "Everyone else was more or less somber, serious, quiet, all business. It's just him. Almost like a crisis is a species of adventure."

In 1978, as a 10-year-old Vietnamese boy, Dinh, his mother and five siblings fled the Communists in a fishing boat, landing first in [Malaysia](#) and later reaching [Oregon](#), according to testimony Dinh gave at his Senate confirmation hearing.

In Oregon, he and his family picked strawberries as migrant farm workers. When Mount St. Helens erupted, destroying the crops, they moved to Fullerton, [California](#), where Dinh worked in a sewing factory after school. His father wouldn't reach the U.S. until 1983, his sister almost a decade later.

In high school, Dinh excelled academically and joined the speech and debate team, perfecting his English. He was accepted to [Harvard University](#) and [Harvard Law School](#), and moved to Washington in 1993 to clerk for D.C. Circuit Court Judge Laurence Silberman. The following year he clerked for Supreme Court Justice Sandra Day O'Connor.

Go-To Firm

Dinh's law firm, [Bancroft Plc](#), founded after he left the Justice Department in 2003, advises corporate boards, board members and executives with "high-stakes" problems, according to its website.

The practice is considered the go-to firm for conservatives, and Dinh has developed a large political and legal network. U.S. Attorney Preet Bharara in [Manhattan](#), for example, was the best man at Dinh's wedding.

"He can pick up the phone and be on a first-name basis with anybody who is anybody in the legal world," said [Benjamin Brafman](#), a New York defense lawyer who has worked with Dinh.

In his only public comment about the phone-hacking scandal at News Corp., Dinh said in a July 20 company press release that the independent directors were "shocked and outraged by allegations concerning the News of the World."

He also expressed his support for [Rupert Murdoch](#).

"We are united in support of the senior management team to address these issues," Dinh said.

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