

WHAT CAN PRINCE, SUMNER REDSTONE AND FOX NEWS TEACH US ABOUT OUR PERSONAL PLANS?

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We seldom view ourselves as mortal so we do not fully plan for the unexpected. We do not consider the chaos that may be left behind in the wake of our own death. For individuals who find themselves unmarried and/or without children, this tendency not to plan is oftentimes exacerbated.

Three recent news stories provide some real life some examples of what can happen when you fail to plan. As the old adage goes: "Failing to plan is planning to fail."

WHAT CAN I LEARN FROM PRINCE'S ESTATE ON WHO RECEIVES MY PROPERTY?

Pop icon, Prince, passed away on April 21, 2016. He was 57 years old when he died, unmarried, and had no "known" children. Prince's estate is estimated at \$300M to \$600M and he died without a Will. Five days after Prince's death, his only full sibling filed court documents petitioning for the formal appointment of a special administrator over the estate. In the petition, she also listed six half-siblings as heirs to Prince's estate. However, did Prince have any children? A number of additional individuals quickly came forward alleging to be related to Prince.

Although Prince did not die in Arizona, the process for those who die without a will in Arizona is very similar to Minnesota. If you do not have a will or trust, Arizona Law passes your estate upon your death to the following parties, in the following order:

- your spouse;
- your children and grandchildren;
- your parents; and
- the descendants of your parents.

What this means is if someone dies without a will and without a spouse, once debts and expenses are settled, if that person had a single child they were unaware of, that child would receive the deceased person's entire estate.

The necessity to determine who will inherit your estate is critical. In Prince's case, his parents were both deceased, so under Minnesota law, the only people who could inherit his estate are his siblings and half-siblings, unless a child was located. If a single blood child was found, that child would inherit Prince's \$300M. In July 2016, a judge dismissed the almost 30 additional claims from individuals purported to have some degree of kinship to Prince, leaving only the original claim made by Prince's sister who listed his half-siblings, a niece and grandniece. To read more on Prince's estate troubles, click here: [Forbes](#) or [Reuters](#)

WHAT CAN SUMNER REDSTONE TEACH US ON THE IMPORTANCE OF DETERMINING CAPACITY?

Viacom is a \$15B public company that owns CBS, Showtime and various other businesses. Its Chairman, Sumner Redstone, 93, has an estimated net worth of \$4.7B. For the past two years, there has been controversy over Mr. Redstone's deteriorating health and his ability to competently manage, not only Viacom and CBS, but his own estate

affairs. Mr. Redstone had said for many years that his daughter, Shari, was not to be included in the Will while providing for two long-time female companions, Sydney Holland and Manuela Herzer (“Document 1”).

After a falling out with one of the female companions, Sydney Holland, in August 2015, Mr. Redstone cut her out of his Will and signed a new health-care power of attorney naming the second female companion as his health care agent (“Document 2”). Soon after, Mr. Redstone’s health began to further decline. Mr. Redstone again changed his Will and health-care power, eliminated the second female companion, and made Phillippe Dauman his agent with Shari as his alternate agent (“Document 3”). These various changes have resulted in a legal fight between his daughter, his two female companions and Mr. Dauman: did Mr. Redstone have capacity when he executed Document 1 or Document 2 or Document 3?

In January 2016, Dr. Stephen Read, a geriatric psychiatrist examined Mr. Redstone. In February 2016, the judge in the case wrote that Mr. Redstone “lacked mental capacity when he allegedly revoked” Document 2 thereby removing the second companion as his sole health-care agent. Given Mr. Redstone’s diminished capacity, he stepped down as Chairman of Viacom and CBS. Phillippe Dauman was voted in favor 10-1 to replace him. For a more in-depth read on the Sumner Redstone story, please click here: [Vanity Fair](#).

How should mental incapacity be determined? In Mr. Redstone’s case, his health had been rapidly declining for years. In 2014, his health became so bad, that he had to remain on a feeding tube and was no longer able to communicate. After a temporary recovery, Mr. Redstone could have named someone to determine his incapacity and his ability to effectively understand what was happening around him. Instead, all of the above parties spent months fighting over his capacity. Since Mr. Redstone unceremoniously stepped down as chairman of Viacom, stock prices have fallen more than 50%!

Ask yourself: “If I were as sick as Mr. Redstone, who would determine my incapacity? Who would act as my agent? Should I nominate a neutral party?” We all want to decide who makes decisions for not only our mental well-being, but also our financial affairs. Waiting until a situation like Mr. Redstone’s arises may be too late and may inevitably involve costly litigation.

WHAT CAN FOX NEWS TEACH US ON THE IMPORTANCE OF WHO IS THE SUCCESSOR OF YOUR COMPANY?

Rupert Murdoch, 85, has an estimated net worth of \$11.1B. In July 2015, Rupert stepped down as CEO of 21st Century Fox but remained executive co-chairman alongside his son, Lachlan. His other son, James, took over as CEO. Rupert also continued to chair News Corp which holds The Wall Street Journal and Fox News. Lachlan and James have worked together to drastically overhaul 21st Century Fox. News Corp, including Fox News, was left untouched by the Murdoch brothers, since profits from Fox News contribute more than \$2B per year to the operating income of 21st Century Fox. Former Chairman and CEO of Fox News, Roger Ailes, started Fox News with Rupert Murdoch 20 years ago. Fox News is a cash cow for 21st Century Fox so the thought was “why mess with it.”

In July 2016, a settlement was reached after a sexual harassment suit of which Ailes was a party and Fox News staff members were notified that Ailes was no longer chairman and executive of the company. Since no successor manager was named for Fox News, pursuant to a duly authorized succession plan, an 85 year old Rupert Murdoch was thrust back in as Chairman of Fox News to manage the company until a permanent replacement for Ailes could be found. He is now forced to manage Fox News and address the demands of its on-air personalities such as Bill O’Reilly, Megan Kelly and Sean Hannity, many of whom are contractually able to leave Fox News upon an Ailes departure. To read more about Rupert Murdoch and 21st Century Fox, click here: [NY Times](#) or [NY Times-Ailes](#).

When owning a business, whether it is a multibillion dollar corporation or a small business, it is very important to have a succession plan. Better than seventy percent (70%) of businesses have no succession plan and of those who do, fifty

percent (50%) do not implement it. Rupert Murdoch passed the reins of his conglomerate to his sons. There is no reason for Rupert Murdoch, at 85 years old, to have stepped back in to oversee Fox News and deal with the turmoil of the Roger Ailes departure. Years ago, either of Rupert's sons or other suitable News Corp executives could have easily been granted authority to oversee the management of Fox News. Rupert Murdoch is like a lot of business owners, they just cannot let go of their businesses. But by not letting go, Rupert may be left with only a shadow of the pre-crisis news organization which may now generate only a portion of its pre-crisis \$2B per year.

When businesses have no succession plan, all employees are left wondering who is making the decisions or what is going to happen to the company? A succession plan is essentially the beginning to your legacy. It is your way of stating who you want to carry on what you have built. To read more about how a CEO can undermine his/her own succession planning, click here: [Harvard Business Review](#).

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