

Former CBS CEO Leslie Moonves Now Faces Government Investigation, Compounding Public Scrutiny of Large Corporations in the #MeToo Era

By Michael Soon Fah, J.D. Candidate 2019 | October 8, 2018

Just weeks before sexual assault allegations surfaced against Supreme Court nominee Brett Kavanaugh, the #MeToo movement made an unprecedented inroad into the corporate sphere. [Early last month](#), media titan and CEO of CBS Leslie Moonves resigned amidst allegations of sexual misconduct. Moonves' resignation was the movement's first reckoning against the CEO of a Fortune 500 company.

CBS retained both Covington & Burling and Debevoise & Plimpton to conduct an internal investigation when *The New Yorker* [reported](#) six allegations of sexual misconduct against Moonves. In addition, the New York County District Attorney's Office and the New York City Commission on Human Rights [launched an investigation](#) of Moonves' conduct following [a second report](#) by *The New Yorker*, wherein six more women stepped forward to report Moonves' misconduct.

Despite Moonves' resignation, activists say the battle is far from over. If the internal investigation does not find sufficient evidence of wrongdoing, Moonves could still benefit from [a \\$120 million severance agreement](#). CBS agreed to donate [\\$20 million of Moonves' severance](#) to organizations that address sexual harassment and workplace safety. In response, Time's Up [urged](#) CBS to donate all of Moonves' severance to organizations that support women's equality in the workplace.

The term "golden parachute" traditionally referred to the lucrative settlement packages paid to executives who were pushed out of their companies following a merger or takeover. Now, many people use the term more broadly to refer to an executive's general severance pay. Golden parachutes have been the subject of intense public scrutiny for decades, but activists have recently criticized companies for awarding large severance payments to executives accused of sexual harassment.

Moonves' golden parachute may explain CBS' initial decision to retain the embattled CEO. Elizabeth Tippet, a Law Professor at the University of Oregon, believes that CBS [sought to retain Moonves as a bargaining chip](#) in a settlement negotiation of a legal dispute related to a takeover attempt. Several months ago, National Amusements assembled a controlling block of CBS stock and attempted to merge the firm with Viacom, to which Moonves' golden parachute proved a significant obstacle. A merger initiated by National Amusements would trigger the golden parachute and immediately entitle Moonves to \$180 million.



If, however, Moonves was terminated for sexual misconduct, he would be entitled to nothing under the agreement. Therefore, Professor Tippet posits that CBS' board may have been slow to act on the allegations in an attempt to keep Moonves' golden parachute in play as part of a bargaining strategy. However, the board was forced to abandon the strategy following the second report by *The New Yorker*, as it could not publicly support Moonves. CBS [simultaneously announced](#) Moonves' resignation and a settlement of the legal conflict with National Amusements.

Gayle King, co-anchor of CBS This Morning, [called on her employer](#) to release the results of the internal investigation, notwithstanding CBS' nondisclosure agreement. Perhaps the government investigation will answer King's call for "full transparency."