

Pimco Fee Plaintiffs May Have Powerful Ally – a Former Director

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Plaintiffs suing **Pimco** over allegations it charged excessive fees on its flagship **Total Return Fund** may have a secret weapon previously unavailable to others pursuing similar lawsuits – an aggrieved former independent director with intimate knowledge of the board and fund group’s inner workings.

Former director William Popejoy, 78, and Pimco endured a messy breakup in the spring of 2014, and now allegations of what led to his ouster have found their way into the excessive fee case pending against the firm. While Pimco initially described Popejoy’s departure as a resignation, the former director asserts he was forced out after asking questions about Bill Gross’s purported \$200 million salary.

Popejoy raised the issue at a February 2014 board meeting, shortly after reading media reports that pegged Gross’s compensation at more than \$200 million, telling fellow directors the payment “was so outrageous” the board “should get involved,” according to a court filing submitted by the plaintiffs that quotes Popejoy’s personal notes. He also said, “If Pimco overpaid so outrageously, then we the trustees must be authorizing payments/fees to Pimco that were too high,” according to the court document.

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“If this former director decides to cooperate in this case, I think it could have a significant impact on the court’s evaluation of the process the board followed in approving Pimco’s advisory fee,” says Niels Holch, a partner at **Holch & Erickson** and executive director of the Coalition of Mutual Fund Investors.

The anonymous plaintiff’s attorney was blunter. “If he speaks the truth about what the approach is for the board, I think it could be devastating for the defense,” the lawyer says.