

# A Troubled Son's Return to Franklin's Board

By Beagan Wilcox Volz, *Ignites*, July 15, 2013 [subscription required]

The June 13 appointment of Charles E. Johnson to the board of Franklin Resources saw the remarkable return — and some might say redemption — of a fallen executive.

Nearly 10 years earlier, on July 18, 2003, the son of then-CEO Charles B. Johnson pleaded guilty to felony domestic violence. On Sept. 28, 2002, he had smashed his wife's face into a stove, fracturing bones around one eye.

Charles E. Johnson, known as Chuck, went on administrative leave from his positions at Franklin as co-president and director of the board in October 2002. He formally stepped down from the company in June 2003.

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But [Mark] Borges [a principal at compensation consultant **Compensia**] calls attention to the timing of the announcement that Chuck Johnson would join Franklin's board and that his father would step down as chairman, with Greg Johnson replacing him.

The June 13 announcement came three months after the March 13 annual shareholder meeting.

Niels Holch, executive director of the Coalition of Mutual Fund Investors, also questions the timing.

“A series of moves like that ... is something that would have been planned out months in advance; at least, that's the typical pattern,” Holch says.

In response to a question about this timing, a Franklin spokesman states, “Charles B. Johnson decided to retire as chairman of the board and director of Franklin Resources in June and the relevant replacements were announced accordingly.”