

Harris Quickly Resolves 'Dead End' Excessive-Fee Suit

By Beagan Wilcox Volz, *Ignites*, December 14, 2016 [subscription required]

http://www.ignites.com/c/1521263/176513/harris_quickly_resolves_dead_excessive_suit?referrer_module=issueHeadline&module_order=3

Harris Associates appears to have settled a lawsuit that claimed the firm overcharged investors in three of its mutual funds.

The parties agreed to dismiss the case with prejudice, which means it can't be brought back to court, according to a Nov. 28 [docket entry](#). The court did not award costs to either side.

The terms of settlements in '40 Act excessive-fee cases are confidential.

In the case filed in August in Illinois federal court, the plaintiffs [claimed](#) that Harris charged excessive advisory fees for the \$16.3 billion Oakmark, \$16.6 billion Equity & Income and \$25.6 billion International funds relative to those it levied for managing similar separate-account strategies for institutional clients. The assets under management figure for each fund is per Morningstar, as of Dec. 9.

* * * * *

Among other allegations, the plaintiffs claim that when accounting for share classes, Harris charged an average annualized advisory fee of 74 basis points for the Oakmark Fund. By contrast, it assessed only 45 bps for a similar strategy managed for institutional clients, yet the services for both clients were nearly the same.

This difference in fees highlighted by the plaintiffs is “not quite as dramatic” as it is in some of the other similar suits that have been filed against other managers in recent years, says Niels Holch, partner at Holch & Erickson and executive director of the Coalition of Mutual Fund Investors.

* * * * *

While it's difficult with '40 Act fee cases to discern whether there is a settlement underlying an agreement to dismiss, it seems unlikely that the plaintiffs would go to the trouble of filing a very detailed complaint and then give up on it without some financial reward, says Holch, who tracks '40 Act excessive-fee cases.