

Mr. JENNINGS. I only wish to add that since the law permitted it that way, that is why we need this corrective regulation.

Mr. KEITH. I understand. I went to that conference up at the Wharton School.

Mr. JENNINGS. I beg your pardon?

Mr. KEITH. They had a conference at the Wharton School.

Mr. JENNINGS. Yes.

Mr. KEITH. Back in February, I think it was, put on by the bankers and lawyers, if I recall correctly, and there was an attorney up there who bragged about the fact that he received a \$500,000 fee in connection with some case that he had presented.

Mr. JENNINGS. Mr. Pomerantz?

Mr. KEITH. Yes. I just wondered if the fee that he got really didn't belong to the fund rather than to the attorney, under your philosophy.

Mr. JENNINGS. Well, you know that—

Mr. KEITH. I mean certainly that would seem to me to be extraordinary compensation to get, if you followed your philosophy; based upon the research and the amount of work that he had to do, couldn't it be held that that fee really belonged to the fund?

Mr. JENNINGS. Well, in connection with fees—

Mr. KEITH. Do you believe a court would have held that fee was reasonable?

Mr. JENNINGS. Well, not only that. The court passed upon that fee.

Mr. KEITH. It did really?

Mr. JENNINGS. In all derivative suit litigation, the court has to approve the reasonableness of the fee, based upon the recovery and based upon the services, and I am sure that Mr. Pomerantz had to file a very extensive bill, and you may know that he had a little difficulty up in Boston in connection with one or two cases there, and the first circuit had to reverse Judge Wyzanski because of certain hostility in that connection.

But I would say that I am perfectly consistent here, that all attorneys' fees in this kind of litigation have to be approved by the court as to reasonableness.

Mr. KEITH. There have been references by other witnesses concerning the proximity of Boston to my constituency and for your information and for the record, the mutual fund men in my district have not bothered to acquaint me with the ramifications of this so far as Mr. Pomerantz or any of the other details are concerned.

Mr. JENNINGS. I didn't mean to—

Mr. KEITH. Oh, you didn't. About all that I know of this whole affair is what I have gotten from reading the Senate hearings and from being here when we passed the amendments to the act in 1964; and as a result of these studies from previous years on the committee.

With reference to the front-end load, you made some observations about California in particular. In the case of California, is not that sales force helped by the investment company in one way or another? Isn't that more like an internally managed operation? Don't the salesmen in those cases make something like an average of \$15,000 or more a year?

Mr. JENNINGS. Are you talking about ISI?

Mr. KEITH. Yes.