

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 81514 / August 31, 2017**

**ADMINISTRATIVE PROCEEDING**  
**FILE No. 3-11645**

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**In the Matter of** :

**PA FUND MANAGEMENT LLC f/k/a** :  
**PIMCO ADVISORS FUND** :  
**MANAGEMENT LLC, PEA** :  
**CAPITAL LLC f/k/a PIMCO EQUITY** :  
**ADVISORS LLC, and PA** :  
**DISTRIBUTORS LLC f/k/a PIMCO** :  
**ADVISORS DISTRIBUTORS LLC,** :

**Respondents.** :

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**ORDER AUTHORIZING THE**  
**TRANSFER TO THE U.S. TREASURY**  
**OF THE REMAINING FUNDS AND**  
**ANY FUNDS RETURNED TO THE**  
**FAIR FUND IN THE FUTURE,**  
**DISCHARGING THE FUND**  
**ADMINISTRATOR, AND**  
**TERMINATING THE FAIR FUND**

On September 13, 2004, the United States Securities and Exchange Commission (“Commission”) issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”)<sup>1</sup> against PA Fund Management LLC f/k/a PIMCO Advisors Fund Management LLC, PEA Capital LLC f/k/a PIMCO Equity Advisors LLC, and PA Distributors LLC f/k/a PIMCO Advisors Distributors LLC (collectively, the “Respondents”). Among other things, the Commission found that the Respondents permitted undisclosed market timing in the PIMCO Growth, Target, Opportunity, and Innovation funds (the “PIMCO Equity Funds”). The Order required the Respondents to disgorge \$10 million less \$1,616,738 already paid by the Respondents to the PIMCO Equity Funds, and to pay civil penalties of \$40 million. The Order also created a Fair Fund pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, for the total amount ordered (the “Fair Fund”) and required the Respondents to retain an Independent Distribution Consultant (the “IDC”) to develop a distribution plan to distribute to investors: (1) their proportionate share of losses suffered by the fund due to market timing, and (2) a proportionate share of advisory fees paid by funds that suffered such losses during the period of

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<sup>1</sup> Exchange Act Rel. No. 50354 (Sept. 13, 2004).

such market timing. On October 1, 2004, the Respondents paid \$48,383,262.00 which was placed in an interest bearing account with the United States Department of the Treasury (“U.S. Treasury”).

On October 7, 2010, the Commission issued a Notice of Proposed Plan of Distribution and Opportunity for Comment<sup>2</sup> pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans (“Rules”), 17 C.F.R. § 201.1103. The Commission received no comments and on December 10, 2010, the Commission, issued an Order Approving Plan of Distribution, Appointing a Fund Administrator, and Waiving Bond.<sup>3</sup>

The Final Plan of Distribution (“Plan”) provided for the distribution of approximately \$23.4 million to investors injured at the time of the misconduct as full compensation for losses suffered due to share dilution and transaction costs caused by market timing activity in the PIMCO Equity Funds, as well as their proportionate share of advisory fees paid by those funds and interest earned on the Fair Fund. The Plan also provided that any portion of the \$23.4 million allocated under the Plan to compensate harmed investors that was not distributed directly to harmed investors would be paid into the asset base of the PIMCO Equity Funds. Under the Plan, any remaining funds in the Fair Fund would then be transferred to the U.S. Treasury at the termination of the Fair Fund.

Ultimately, approximately \$23.4 million was distributed pursuant to the Plan -- approximately \$20 million directly to harmed investors, and the remainder distributed to the PIMCO Equity Funds in proportion to the portion of overall harm each fund suffered.<sup>4</sup> The Fair Fund earned approximately \$7.2 million in interest and paid approximately \$2.6 million in income taxes and administrative expenses. A balance of approximately \$29.6 million remains in the Fair Fund.

The Plan provides that the Fair Fund shall be eligible for termination and the Fund Administrator discharged after all of the following have occurred: (1) a final accounting, in a Commission standard accounting format provided by the staff, has been submitted by the Fund Administrator for approval of, and has been approved by, the Commission; (2) all taxes, fees, and expenses have been paid; and (3) any amount remaining in the Fair Fund has been received by the Commission. A final accounting, which was submitted to the Commission for approval as required by Rule 1105(f) of the Rules, 17 C.F.R. § 201.1105(f) and as set forth in the Plan, is now approved. The staff has verified that all taxes, fees, and expenses have been paid, and that the Commission is in possession of the remaining funds.

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<sup>2</sup> Exchange Act Rel. No. 63059 (Oct. 7, 2010).

<sup>3</sup> Exchange Act Rel. No. 63518 (Dec. 10, 2010).

<sup>4</sup> See Order Directing Disbursement of Fair Fund, Exchange Act Rel. No. 64477 (May 12, 2011) and Exchange Act Rel. No. 65935 (Dec. 9, 2011). See also Order Directing Disbursement, Exchange Act Rel. No. 74071 (Jan. 15, 2015).

Accordingly, it is ORDERED that:

- A. The remaining Fair Fund balance of \$29,631,674.91, and any funds returned to the Fair Fund in the future, shall be transferred to the U.S. Treasury;
- B. The Fund Administrator, Rust Consulting, Inc. is discharged; and
- C. The Fair Fund is terminated.

By the Commission.

Brent J. Fields  
Secretary