

Hancock sued over exec pay

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BOSTON — A Texas shareholder has sued John Hancock Financial Services Inc. claiming that the company illegally tied the pay of its officers, including its chief executive, to the performance of the company's 2000 initial public offering.

Conversion Process

The suit, filed last Wednesday in Boston by Aaron Landy Jr., a suburban Dallas shareholder, seeks to require top Hancock executives, including chief executive David D'Alessandro, to repay the company for compensation that was "wrongfully awarded to them" during the company's conversion from mutual ownership to a public company in 1999.

Landy is represented by Boston attorney Jason Adkins. The federal suit was brought on behalf of the company's shareholders against executives and directors.

Adkins sued the company nine years ago over corporate governance issues, and then fought a losing battle against the company's conversion to a stock company in 1999. Previously, John Hancock was owned by policyholders.

'Frivolous Suit'

A company spokesman called the lawsuit "frivolous."

"The company intends to defend this nuisance lawsuit vigorously and is confident of a favorable outcome just like the last time Mr. Adkins filed a bogus suit against us," spokesman Steve Burgay said.

The lawsuit says the board "breached its fiduciary duty to act lawfully" because of a provision in John Hancock's plan of reorganization, which governed its conversion to a public company.

The provision barred executives and directors from receiving stock-based compensation for one year after the IPO. The board's actions in compensating Hancock executives, the lawsuit contends, violate "the letter and spirit of the prohibition on personal gain."

The company denies that executive officers were compensated for the IPO.

D'Alessandro has recently garnered criticism over his \$21.7 million pay package last year — a 162 percent jump — while the company's stock slumped 32 percent. □