

1 LATHAM & WATKINS LLP  
2 Joseph B. Farrell (Bar No. 137435)  
3 *joe.farrell@lw.com*  
4 James N. Rotstein (Bar No. 305072)  
5 *james.rotstein@lw.com*  
6 Amanda Brown-Inz (Bar No. 319046)  
7 *amanda.brown-inz@lw.com*  
8 355 South Grand Avenue  
9 Los Angeles, California 90071-1560  
10 Telephone: +1.213.485.1234  
11 Facsimile: +1.213.891.8763

12 Attorneys for Defendant  
13 PACIFIC INVESTMENT MANAGEMENT  
14 COMPANY LLC

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
16 COUNTY OF ORANGE

17 STACY SCHAUS, an individual,  
18 Plaintiff,  
19 v.  
20 PACIFIC INVESTMENT MANAGEMENT  
21 COMPANY, a Corporation, and DOES 1  
22 through 150, inclusive,  
23 Defendants.

24 CASE NO. 30-2018-00983754-CU-OE-CJC  
25 Assigned To: Judge Martha K. Gooding  
26 Department: C-34  
27 **DEFENDANT PACIFIC INVESTMENT  
28 MANAGEMENT COMPANY LLC'S  
ANSWER TO PLAINTIFF STACY  
SCHAUS'S COMPLAINT**  
Action Filed: April 4, 2018

1 Defendant Pacific Investment Management Company LLC (“PIMCO” or “Defendant”)  
2 hereby answers the unverified Complaint of Plaintiff Stacy Schaus (“Plaintiff” or “Ms. Schaus”)  
3 as follows:

4 **RESPONSE TO ALLEGATIONS**

5 1. PIMCO admits the allegations of Paragraph 1 of the Complaint.

6 2. PIMCO denies that it is a corporation. PIMCO is a Delaware limited liability company.  
7 Except as expressly denied or alleged, PIMCO admits the allegations of Paragraph 2 of the  
8 Complaint.

9 3. PIMCO denies the allegations of Paragraph 3 of the Complaint as to its alleged actions or  
10 inactions. As to all other alleged defendants, PIMCO lacks sufficient information or belief to  
11 admit or deny the allegations of Paragraph 3 of the Complaint and denies them on that basis.

12 4. PIMCO denies the allegations of Paragraph 4 of the Complaint as to its alleged actions or  
13 inactions. As to all other alleged defendants, PIMCO lacks sufficient information or belief to  
14 admit or deny the allegations of Paragraph 4 of the Complaint and denies them on that basis.

15 5. Paragraph 5 of the Complaint contains a legal conclusion to which no response is  
16 required. To the extent any response is required, PIMCO lacks sufficient information or belief to  
17 admit or deny the allegations of Paragraph 5 of the Complaint and denies them on that basis.

18 6. PIMCO admits that it hired Plaintiff on or about April 24, 2006 as a Senior Vice  
19 President in its Defined Contribution Team. PIMCO admits that Plaintiff authored a book  
20 entitled “Successful Defined Contribution Investment Design” in 2017. Ms. Schaus’s effort to  
21 write the book, which required her to dedicate a substantial part of her regular work time, was  
22 approved by her management, Richard Fulford and Thomas Otterbein, publication was paid by  
23 PIMCO, and numerous employees, male and female, contributed to the book with the support of  
24 Messrs. Fulford and Otterbein. Except as it has expressly admitted and alleged, PIMCO denies  
25 the allegations of Paragraph 6 of the Complaint.

26 7. PIMCO denies that Ms. Schaus merited promotion to Executive Vice President in 2009.  
27 To the contrary, Ms. Schaus, who had been hired in 2006 as a Defined Contribution Specialist,  
28 was elevated to Head of Defined Contribution, which included the Defined Contribution function

1 she previously worked in, as well as Stable Value and Separate Accounts, by Thomas Otterbein  
2 in January, 2008. After a year and three quarters in that role, Mr. Otterbein concluded that she  
3 was neglectful in her management of the Stable Value business and an ineffective manager.  
4 Among other things, she spent insufficient time managing direct reports and disproportionately  
5 focused on producing and promoting her written materials, which excessively taxed internal  
6 resources in order to support those efforts. By 2009, John Miller was transferred from another  
7 position in PIMCO to supervise Ms. Schaus and to lead the entire US Retirement function. Mr.  
8 Miller had joined PIMCO in 1999, had seven years greater tenure at PIMCO than Ms. Schaus,  
9 and had successfully managed PIMCO's public channel business and other functions. Except as  
10 it has expressly denied or alleged, PIMCO denies all allegations of Paragraph 7 of the  
11 Complaint.

12 8. PIMCO admits that Ms. Schaus was promoted to Executive Vice President in 2012.  
13 PIMCO denies that Ms. Schaus merited promotion in 2015, or that any other employee was  
14 promoted instead of Ms. Schaus. Ms. Schaus continued to struggle as a supervisor and in her  
15 interactions with colleagues, despite being provided with a management coach in late 2009 and  
16 early 2010, and receiving constructive criticism. As noted in her 2012 year-end performance  
17 review by her then-supervisor, John Miller: she “[c]an continue to improve her relationships both  
18 inside the DC team and outside the DC team; her desire to drive forward can create frustration in  
19 other teams/departments if not managed properly.” In 2013, Mr. Miller solicited feedback from  
20 other PIMCO employees with whom Ms. Schaus regularly interacted, and continued to hear  
21 significant concerns, including that Ms. Schaus was not open to feedback or guidance, was not  
22 collaborative, was resistant to change and when challenged would find alternative means of  
23 getting her way, and needed to become a more sensitive manager. In 2015, Richard Fulford  
24 replaced John Miller as Ms. Schaus's manager. Mr. Fulford joined PIMCO in 2000, six years  
25 prior to Ms. Schaus. He spent six years, from 2003-2009, in PIMCO's London office servicing  
26 institutional clients throughout Europe. In 2009, he was appointed Head of the Public Channel,  
27 and in 2015 was appointed Head of US Retirement when John Miller left the firm. At the time  
28 he was made Head of US Retirement, he had sixteen years of investment experience, including

1 key management experience during his time in Europe. In his role as Head of US Retirement,  
2 Mr. Fulford is responsible for overseeing a 23-person team, making his past success as a  
3 manager of people and businesses critical to the role. Except as it has expressly admitted or  
4 alleged, PIMCO denies the allegations of Paragraph 8 of the Complaint.

5 9. PIMCO denies that it paid Ms. Schaus less compensation, for substantially similar work,  
6 when viewed as a composite of skill, effort, and responsibility, and performed under similar  
7 working conditions, than it paid its male Executive Vice Presidents. To the contrary, Ms. Schaus  
8 has been very well paid, earning a seven-figure annual income, which was at or near the top of  
9 the market for her role, and, despite PIMCO's efforts to provide her with support and an  
10 opportunity to grow, has not advanced to other roles due to a long history of poor performance as  
11 a manager of others and resistance to feedback and change. Ms. Schaus has been the highest  
12 paid individual in the Defined Contribution function throughout her career at PIMCO. PIMCO  
13 further denies that Mr. Fulford, who supervises three functions in addition to the function in  
14 which Ms. Schaus is employed, performs substantially similar work, when viewed as a  
15 composite of skill, effort, and responsibility, and performed under similar working conditions, as  
16 Ms. Schaus. PIMCO further denies that Ms. Schaus was paid less for substantially similar work,  
17 when viewed as a composite of skill, effort, and responsibility, and performed under similar  
18 working conditions, than it paid some of its male Senior Vice Presidents. To the contrary, Ms.  
19 Schaus has been paid more than male Senior Vice Presidents who performed substantially  
20 similar work, when viewed as a composite of skill, effort, and responsibility, and performed  
21 under similar working conditions, as Ms. Schaus. PIMCO admits that Managing Directors  
22 generally earn more than Executive Vice Presidents. Except as it has expressly admitted, denied  
23 or alleged, PIMCO denies any and all remaining allegations in Paragraph 9 of the Complaint.

24 10. PIMCO denies that it has paid Ms. Schaus less than male employees for substantially  
25 similar work, when viewed as a composite of skill, effort, and responsibility, and performed  
26 under similar work conditions. To the contrary, Ms. Schaus has been the highest paid individual  
27 in the Defined Contribution team throughout her career at PIMCO and has been paid more than  
28

1 male employees in the most similar functions. PIMCO also denies that it has engaged in or has  
2 admitted to any bias against women. Since 2010, PIMCO has undertaken numerous efforts to  
3 avoid bias, conscious or unconscious. PIMCO's commitment to diversity is not new, but has  
4 continued through three Chief Executive Officers. Since 2010, PIMCO has undertaken  
5 numerous initiatives to address diversity in the workplace. Examples of the initiatives that  
6 specifically addressed gender concerns<sup>1</sup> include:

- 7 • **2010** PIMCO (i) launched its global Women's Leadership Network, and (ii)  
8 began formal, regular monitoring of gender metrics.
- 9 • **2011** PIMCO (i) implemented the Women's Leadership Development Program;  
10 (ii) began tracking gender diversity of interview candidates slates; (iii) 700+  
11 employees globally attend Prof. Banaji's unconscious bias training; (iv) launched  
12 a back-up child care program in the US; and (v) launched PIMCO's MBA  
13 Women's Forum.
- 14 • **2012** PIMCO (i) conducted a Gender Diversity Forum; (ii) reviewed and  
15 updated its core and leadership competencies to, in part, seek to ensure they were  
16 unbiased; (iii) added unconscious bias concepts to its interviewing and hiring  
17 training; (iv) expanded the WLN Mentoring Program to the top 40 women; and  
18 (v) the CEO, COO and Head of HR formally encouraged greater use of flexible  
19 scheduling.
- 20 • **2013** PIMCO (i) implemented its Female Retention Outreach Program; (ii)  
21 established special parking for expectant mothers; (iii) conducted a Cognitive  
22 Diversity seminar; (iv) conducted unconscious bias manager training sessions;  
23 and (v) reviewed its performance management process.
- 24 • **2014** PIMCO (i) expanded the WLN Mentoring Program to 140 men and  
25

---

26 <sup>1</sup> PIMCO undertook substantial efforts to address diversity beyond gender diversity as well. For  
27 example, PIMCO has created PIMCO Veterans, PIMCO Pride (LGBTQA) and PIMCO  
28 Multicultural to provide support to other diverse groups.

1 women at the VP level and above; (ii) launched the PIMCO Parents/Families  
2 group; (iii) enhanced paid parental leave benefits; (iv) reviewed and redesigned its  
3 performance management system designed to address unconscious bias; and (v)  
4 specifically demanded that placement agencies present gender diverse candidates  
5 and required interview slates to be diverse.

- 6 • **2015** PIMCO (i) conducted an event specifically for female clients; (ii)  
7 established the Flex committee to refine philosophy, processes, and guidance; (iii)  
8 conducted a Work-Life Integration seminar; (iv) began a real-time review of  
9 promotion statistics designed to avoid disparities in the promotion process; and  
10 (v) added training and strategies that seek to combat bias to the Human Capital  
11 Review process.
- 12 • **2016** PIMCO (i) launched Flex@PIMCO to provide more job flexibility; (ii) re-  
13 launched PIMCO Women as part of its launch of other groups; (iii) enhanced  
14 firm-wide IDC goals and moved the IDC team to the Executive Office; (iv)  
15 appointed Sapna Shah as Senior Inclusion, Diversity and Culture Officer; (v)  
16 launched an upward manager feedback process with a subset of questions focused  
17 on inclusive leadership skills; and (vi) conducted global bias mitigation training  
18 sessions.
- 19 • **2017** PIMCO (i) conducted a client event for female financial advisors at  
20 PIMCO; (ii) engaged the global employee base on a session focused on  
21 “Mentorship vs. Sponsorship;” and (iii) integrated Inclusion, Diversity & Culture  
22 objectives into the MD ratification process.

23 PIMCO’s commitment has led to results. In three of the last five years, women Executive Vice  
24 Presidents were promoted at a higher rate than men, and in a fourth year the percentages were  
25 nearly identical. Except as it has expressly admitted, denied or alleged, PIMCO denies any and  
26 all remaining allegations in Paragraph 10 of the Complaint.

27 11. PIMCO denies the allegations in Paragraph 11 of the Complaint.

28 12. PIMCO denies the allegations of Paragraph 12 of the Complaint.

1 13. PIMCO denies that it discriminates against women. As set forth in the response to  
2 Paragraph 10, PIMCO has undertaken substantial, successful efforts to promote and retain  
3 women, and has in three of the past five years promoted women Executive Vice Presidents to  
4 Managing Director at a higher rate than male Executive Vice Presidents. Except as expressly  
5 denied or alleged, PIMCO denies the allegations of Paragraph 13 of the Complaint.

6 14. On May 11, 2016, Ms. Schaus sent an email to Jay Jacobs, then President of PIMCO,  
7 questioning her rate of compensation and inquiring about her promotion opportunities. Ms.  
8 Schaus sent this email approximately a month and one-half after a subordinate female employee  
9 complained about Ms. Schaus's treatment of her and asked to be transferred. Her complaints  
10 included, but were not limited to, Ms. Schaus's last minute demands and unreasonable deadlines,  
11 frequent afterhours calls and emails, and requests that she send emails from Ms. Schaus's  
12 account and pretend that the emails were from Ms. Schaus. In one instance Ms. Schaus directed  
13 her subordinate to "ask [her client] about the wife and kids and pretend you are their best friend."

14 Approximately a year later, her replacement, another female, also asked to transfer to another  
15 position, raising similar complaints. This was the first time Ms. Schaus raised any question as to  
16 whether she was paid equally to male colleagues or otherwise made any statement that could be  
17 interpreted to be a complaint of discrimination. Mr. Jacobs directed the Global Head of Human  
18 Resources, Robin Shanahan (nee Nabors), to investigate Ms. Schaus's concerns so they could be  
19 addressed. Ms. Shanahan promptly undertook an investigation, and found no discrepancy in Ms.  
20 Schaus's compensation. In fact, Ms. Shanahan found that Ms. Schaus was paid consistent with  
21 or better than male employees with similar titles, duties, skill sets, and seniority. After Ms.  
22 Shanahan reported the findings to Mr. Jacobs, Mr. Jacobs and Mr. Otterbein met with Ms.  
23 Schaus, and reported those findings. Ms. Shanahan reviewed the issue again in 2017, with the  
24 same conclusion. Messrs. Jacobs and Otterbein also addressed Ms. Schaus's concerns about  
25 career advancement. They advised her that, while she had been a strong contributor with her  
26 client engagement skills, she continued to fall short on supervisor and management skills. This  
27 has led to her role being more of a subject matter expert than a leader of others. She was advised  
28 that it was critical for her to work on her people management skills if she wanted to be

1 responsible for supervising a team. Contrary to her allegation that Mr. Jacobs did nothing, Ms.  
2 Schaus emailed her appreciation for the response to her concern. Except as it has expressly  
3 alleged, PIMCO denies the allegations of Paragraph 14 of the Complaint.

4 15. PIMCO's response to Paragraph 14 is incorporated by reference herein. Contrary to Ms.  
5 Schaus's claim of retaliation, numerous employees complained about Ms. Schaus's treatment of  
6 them and their teams. As noted in the response to Paragraph 14 above, two subordinate female  
7 employees complained about Ms. Schaus's treatment of them; one shortly before Ms. Schaus's  
8 email to Mr. Jacobs, in which the employee sought to transfer to another position. Other  
9 employees complained about Ms. Schaus's treatment of them, or of their subordinates. In  
10 addition, in 2017, one employee who was working for Ms. Schaus complained that after he made  
11 an error, he felt threatened by Ms. Schaus. Other employees complained about Ms. Schaus's  
12 treatment of them, or of their subordinates, including employees who complained about Ms.  
13 Schaus's use of their research and work without acknowledgement, as well as her treatment of  
14 them and their subordinates in relation to her demands to assist in the researching and writing of  
15 her book. None of these employees were aware of Ms. Schaus's communications with Mr.  
16 Jacobs. Except as it has expressly alleged, PIMCO denies the allegations of Paragraph 15 of the  
17 Complaint.

18 16. As set forth in PIMCO's responses to Paragraphs 14 and 15 of the Complaint, which are  
19 incorporated herein, PIMCO promptly and appropriately responded to Ms. Schaus's email to Mr.  
20 Jacobs. Ms. Schaus did not suffer discrimination or retaliation.

- 21 • Ms. Schaus's compensation was not reduced by 30 percent in 2016, as alleged, but was  
22 reduced in 2015, 2016 and 2017 in light of substantial decline in the size of PIMCO's  
23 Defined Contribution and overall business.
- 24 • Many other employees saw declines in their compensation, and some employees were  
25 laid off.
- 26 • The reduction in Ms. Schaus's level of compensation was significantly less than the  
27 percentage decline in the Defined Contribution business.
- 28 • Ms. Schaus continued to receive a seven-figure annual income through this challenging



1 period for PIMCO's business.

- 2 • Ms. Schaus was paid at a level higher than all of her Defined Contribution peers.
- 3 • Ms. Schaus was paid in the top decile of industrywide compensation for her role.
- 4 • Ms. Schaus was aware of the 2015 reduction and possible future reductions prior to her
- 5 email to Mr. Jacobs in May 2016.

6 Except as it has expressly alleged, PIMCO denies the allegations of Paragraph 16 of the  
7 Complaint.

8 17. PIMCO denies that Messrs. Fulford or Otterbein took away Ms. Schaus's "thought  
9 leadership" or that they did so in retaliation for any complaint by Ms. Schaus. To the contrary,  
10 Messrs. Fulford and Otterbein supported her effort to write a book. They authorized payment for  
11 its publication and limited use of PIMCO resources and personnel to assist in writing it. The  
12 decision to discontinue other writings by Ms. Schaus (e.g. DC Dialogue and DC Design) was  
13 made with the input and support of Ms. Schaus and was due to the poor performance of these  
14 pieces in the marketplace. In August 2015, PIMCO (led by Cathy Stahl, who was then an  
15 Executive Vice President and Global Head of Marketing, and later promoted to Managing  
16 Director) conducted an audit of PIMCO's full library of thought leadership. The resulting report  
17 found that Ms. Schaus's writings (e.g. DC Dialogue and DC Design) were performing far below  
18 the desired levels and in need of reevaluation while other publications not written by Ms. Schaus  
19 (e.g. DC Quarterly) were performing strongly. Subsequently, a working group consisting of five  
20 women, including Ms. Schaus, and one man, including members from Defined Contribution,  
21 Consultant Relations Group, Client Management, Marketing and Product Strategy, concluded  
22 that PIMCO's Defined Contribution thought leadership must evolve to include authorship  
23 beyond Ms. Schaus and include materials from the Chief Investment Officer, Executive Office  
24 and Head of Retirement. As a result, a DC Content Committee, comprised of senior leaders  
25 including six women (including Ms. Schaus) and five men was formed in November 2015 to  
26 optimize thought leadership materials going forward. This committee decided to elevate existing  
27 high performing DC thought leadership pieces, including the DC Quarterly, produced by the  
28 Marketing team, and the DC Consulting Survey, led by Ms. Schaus, and to create a new, action

1 oriented piece “Top 6 Ideas for Plan Sponsors in 2016,” not authored by Ms. Schaus. The DC  
2 Content Committee also decided to pause production of poorly performing DC thought  
3 leadership (e.g. the DC Dialogue/DC Design, produced by Ms. Schaus). All of these events pre-  
4 date Ms. Schaus’s May 2016 email to Mr. Jacobs. PIMCO lacks sufficient information or belief  
5 as to the truth of Ms. Schaus’s allegation that “Plaintiff was still trying to work within PIMCO’s  
6 system to earn the promotion that has eluded her since being promoted to Executive Vice  
7 President in 2012,” and on that basis denies it. PIMCO admits that it removed Ms. Schaus as  
8 supervisor of other employees in 2017. It did so due to expansive and continuous complaints  
9 that she mistreated subordinates and colleagues. Except as it has expressly admitted, denied or  
10 alleged, PIMCO denies the allegations of Paragraph 17 of the Complaint, and denies them on  
11 that basis.

12 18. PIMCO admits that it retained a management coach at its expense for Ms. Schaus’s  
13 development. PIMCO also admits that the quotations in Paragraph 18 of the Complaint appear  
14 in a report. The report from which they are excerpted is the result of a self-assessment of Ms.  
15 Schaus. The management coach used the test as an evaluative tool to determine Ms. Schaus’s  
16 perception of herself. This was to be the first step in a process in which other employees, to be  
17 proposed by Ms. Schaus, would answer questions about Ms. Schaus, so that her self-assessment  
18 and the perception of her co-workers could be compared for development purposes. Ms. Schaus  
19 terminated the coaching process after the initial step, before the input of others, and an actual  
20 assessment by the coach, could be performed. Also, Ms. Schaus’s quotes are selective and  
21 misrepresent the picture painted by the test. Ms. Schaus conspicuously omits the next sentence  
22 following the quote she cites, which states that Ms. Schaus’s “HDS show her to be a person that  
23 has derailers that reveal her to possibly be too Detached, Theatrical, and Unusual in ways that  
24 can lead her to come across as more demanding, self-absorbed, unpredictable, and self-  
25 promoting.” Indeed, the red flags identified regarding Ms. Schaus’s management style are  
26 consistent with the complaints that at least nine employees made to PIMCO about Ms. Schaus,  
27 all of whom were unaware of her May 11, 2016 letter. PIMCO is only aware of these facts  
28 because Ms. Schaus disclosed the report and terminated the coaching assignment. Except as

1 expressly admitted or alleged, PIMCO denies the allegations of Paragraph 18 of the Complaint.  
2 19. PIMCO admits that Ms. Schaus correctly quotes one sentence in her 2015 year-end  
3 review. However, Ms. Schaus has years of feedback questioning her management skills prior to  
4 2015. Except as expressly admitted or alleged, PIMCO denies the allegations of Paragraph 19 of  
5 the Complaint.  
6 20. Admitted.  
7 21. PIMCO incorporates by reference its responses to Paragraphs 1 through 20 of the  
8 Complaint as if set forth fully herein.  
9 22. Paragraph 22 of the Complaint states a legal conclusion as to which no response is  
10 required, and PIMCO denies it on that basis.  
11 23. PIMCO admits that it is an employer within the meaning of the California Fair  
12 Employment and Housing Act, and, except as expressly admitted, PIMCO denies the allegations  
13 of Paragraph 23 of the Complaint as to PIMCO. As to all other alleged defendants, PIMCO  
14 lacks sufficient information or belief to admit or deny the allegations of Paragraph 23 of the  
15 Complaint and denies them on that basis.  
16 24. Denied.  
17 25. Denied.  
18 26. Denied.  
19 27. Denied.  
20 28. Denied.  
21 29. Denied.  
22 30. Denied.  
23 31. PIMCO incorporates by reference its responses to Paragraphs 1 through 30 of the  
24 Complaint as if set forth fully herein.  
25 32. Paragraph 32 of the Complaint states a legal conclusion as to which no response is  
26 required, and PIMCO denies it on that basis.  
27 33. Paragraph 33 of the Complaint states a legal conclusion as to which no response is  
28 required, and PIMCO denies it on that basis.

1 34. Paragraph 34 of the Complaint states a legal conclusion as to which no response is  
2 required, and PIMCO denies it on that basis.

3 35. Denied.

4 36. Denied.

5 37. PIMCO admits that Plaintiff sent an email to Jay Jacobs on May 11, 2016 questioning her  
6 compensation. PIMCO admits that Plaintiff's bonus was reduced in 2016 and 2017, as it had  
7 been in 2015. Except as expressly admitted, PIMCO denies the allegations of Paragraph 37 of  
8 the Complaint.

9 38. Denied.

10 39. Denied.

11 40. Denied.

12 41. Denied.

13 42. Denied.

14 43. PIMCO incorporates by reference its responses to Paragraphs 1 through 42 of the  
15 Complaint as if set forth fully herein.

16 44. Paragraph 44 of the Complaint states a legal conclusion as to which no response is  
17 required, and PIMCO denies it on that basis.

18 45. PIMCO admits that it is an employer within the meaning of the California Fair  
19 Employment and Housing Act, and, except as expressly admitted, PIMCO denies the allegations  
20 of Paragraph 45 of the Complaint as to PIMCO. As to all other alleged defendants, PIMCO  
21 lacks sufficient information or belief to admit or deny the allegations of Paragraph 45 of the  
22 Complaint and denies them on that basis.

23 46. Denied.

24 47. Denied.

25 48. Denied.

26 49. Denied.

27 50. Denied.

28 51. Denied.

1 52. Denied.

2 53. PIMCO incorporates by reference its responses to Paragraphs 1 through 52 of the  
3 Complaint as if set forth fully herein.

4 54. Paragraph 54 of the Complaint states a legal conclusion as to which no response is  
5 required, and PIMCO denies it on that basis.

6 55. PIMCO admits that it is an employer within the meaning of the California Fair  
7 Employment and Housing Act, and, except as expressly admitted, PIMCO denies the allegations  
8 of Paragraph 55 of the Complaint as to PIMCO. As to all other alleged defendants, PIMCO  
9 lacks sufficient information or belief to admit or deny the allegations of Paragraph 55 of the  
10 Complaint and denies them on that basis.

11 56. PIMCO admits that Plaintiff sent an email to Jay Jacobs on May 11, 2016 raising  
12 questions about her compensation, and subsequently has asserted that she believed she was paid  
13 less than male co-workers and suffered discrimination. Except as expressly admitted, PIMCO  
14 denies the allegations of Paragraph 56 of the Complaint.

15 57. PIMCO admits that Ms. Schaus correctly quotes one sentence in her 2015 year-end  
16 review. However, Ms. Schaus has years of feedback questioning her management skills prior to  
17 2015. Except as expressly admitted or alleged, PIMCO denies the allegations of Paragraph 57 of  
18 the Complaint.

19 58. Denied.

20 59. Denied.

21 60. Denied.

22 61. Denied.

23 62. Denied.

24 63. Denied.

25 64. PIMCO incorporates by reference its responses to Paragraphs 1 through 63 of the  
26 Complaint as if set forth fully herein.

27 65. Paragraph 65 of the Complaint states a legal conclusion as to which no response is  
28 required, and PIMCO denies it on that basis.

1 66. PIMCO admits that it is an employer within the meaning of the California Fair  
2 Employment and Housing Act, and, except as expressly admitted, PIMCO denies the allegations  
3 of Paragraph 66 of the Complaint as to PIMCO. As to all other alleged defendants, PIMCO  
4 lacks sufficient information or belief to admit or deny the allegations of Paragraph 66 of the  
5 Complaint and denies them on that basis.

6 67. Denied.

7 68. Denied.

8 69. Denied.

9 70. Denied.

10 71. Denied.

11 72. Denied.

12 73. Denied.

13 74. PIMCO incorporates by reference its responses to Paragraphs 1 through 73 of the  
14 Complaint as if set forth fully herein.

15 75. Paragraph 75 of the Complaint states a legal conclusion as to which no response is  
16 required, and PIMCO denies it on that basis.

17 76. PIMCO admits that Plaintiff sent an email to Jay Jacobs on May 11, 2016 raising  
18 questions about her compensation, and subsequently has asserted that she believed she was paid  
19 less than male co-workers and suffered discrimination. Except as expressly admitted, PIMCO  
20 denies the allegations of Paragraph 76 of the Complaint.

21 77. PIMCO admits that Ms. Schaus correctly quotes one sentence in her 2015 year-end  
22 review. However, Ms. Schaus has years of feedback questioning her management skills prior to  
23 2015. Except as expressly admitted or alleged, PIMCO denies the allegations of Paragraph 77 of  
24 the Complaint.

25 78. Denied.

26 79. Denied.

27 80. Denied.

28 81. Denied.

1 82. Denied.

2 83. Denied.

3 84. PIMCO incorporates by reference its responses to Paragraphs 1 through 83 of the  
4 Complaint as if set forth fully herein.

5 85. Denied.

6 86. Denied.

7 **AFFIRMATIVE DEFENSES**

8 Defendant asserts the following separate and affirmative defenses to Plaintiff's  
9 Complaint:

10 **FIRST AFFIRMATIVE DEFENSE**

11 **TO ALL CAUSES OF ACTION**

12 **(Failure to State a Cause of Action)**

13 Plaintiff's Complaint, and each cause of action contained therein, fails to state a cause of  
14 action against Defendant.

15 **SECOND AFFIRMATIVE DEFENSE**

16 **TO ALL CAUSES OF ACTION**

17 **(Unclean Hands)**

18 Plaintiff's claims against Defendant are barred, in whole or in part, by the doctrine of  
19 unclean hands.

20 **THIRD AFFIRMATIVE DEFENSE**

21 **TO ALL CAUSES OF ACTION**

22 **(Legitimate Business Reason)**

23 Each act or omission of which Plaintiff complains, if it occurred, was taken for a  
24 legitimate business reason not prohibited by law.

25

26

27

28

1 **FOURTH AFFIRMATIVE DEFENSE**

2 **TO ALL CAUSES OF ACTION**

3 **(Failure to Mitigate)**

4 Plaintiff is barred from recovery, in whole or in part, because of failure to exercise  
5 reasonable care and diligence to mitigate the alleged damages.

6 **FIFTH AFFIRMATIVE DEFENSE**

7 **TO ALL CAUSES OF ACTION**

8 **(Estoppel/Equitable Estoppel)**

9 Plaintiff's claims are barred by the doctrine of estoppel. Defendant is informed and  
10 believes, and on that basis alleges, that each and every cause of action contained in Plaintiff's  
11 Complaint is barred by reason of acts, omissions, representations and conduct by Plaintiff on  
12 which Defendant was led to rely to its detriment, thereby barring under the doctrine of equitable  
13 estoppel any causes of action asserted in Plaintiff's Complaint.

14 **SIXTH AFFIRMATIVE DEFENSE**

15 **TO ALL CAUSES OF ACTION**

16 **(Waiver)**

17 As a result of her own acts and omissions, Plaintiff has waived any right to recover under  
18 each and every cause of action purportedly alleged in Plaintiff's Complaint.

19 **SEVENTH AFFIRMATIVE DEFENSE**

20 **TO ALL CAUSES OF ACTION**

21 **(Laches)**

22 Plaintiff's Complaint, and each cause of action allegedly contained therein, is barred by  
23 the doctrine of laches.

24 **EIGHTH AFFIRMATIVE DEFENSE**

25 **TO ALL CAUSES OF ACTION**

26 **(No Right To Punitive Or Exemplary Damages)**

27 Plaintiff is precluded from recovering punitive damages, either in whole or in part, from  
28 Defendant under the applicable provisions of law, including California Civil Code Section 3294



1 and the United States Constitution.

2 **NINTH AFFIRMATIVE DEFENSE**

3 **TO ALL CAUSES OF ACTION**

4 **(Justification and Privilege)**

5 Each of Defendant's actions, respecting the subject matters alleged in the causes of  
6 action, and each of them, was undertaken in good faith, with the absence of malicious intent to  
7 injure Plaintiff, and constituted lawful, proper and justified means to further the sole purpose of  
8 engaging in and continuing its business. Therefore, Plaintiff is barred, in whole or in part, from  
9 recovery on the alleged causes of action in the Complaint.

10 **TENTH AFFIRMATIVE DEFENSE**

11 **TO ALL CAUSES OF ACTION**

12 **(Statutes of Limitations)**

13 Plaintiff is barred from recovery, in whole or in part, on the basis of her failure to satisfy  
14 the statutes of limitations set forth in Section 1197.5 of the California Labor Code, Sections  
15 12960 and 12965 of the California Government Code, Section 17208 of the California Business  
16 and Professions Code, and Sections 338 and 340 of the California Civil Procedure Code.

17 **ELEVENTH AFFIRMATIVE DEFENSE**

18 **TO ALL CAUSES OF ACTION**

19 **(Failure to Exhaust Administrative Remedies)**

20 Plaintiff is barred from recovery, in whole or in part, because she failed to exhaust her  
21 administrative remedies prior to commencing suit against PIMCO.

22 **TWELFTH AFFIRMATIVE DEFENSE**

23 **TO ALL CAUSES OF ACTION**

24 **(Unjust Enrichment)**

25 Plaintiff's Complaint, and each cause of action allegedly contained therein, is barred  
26 because Plaintiff would be unjustly enriched were she to be granted relief as she claimed.

27

28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**THIRTEENTH AFFIRMATIVE DEFENSE**  
**TO ALL CAUSES OF ACTION**  
**(Vague, Ambiguous, and Uncertain)**

Plaintiff's Complaint, and each cause of action allegedly contained therein, is vague, ambiguous and uncertain.

**FOURTEENTH AFFIRMATIVE DEFENSE**  
**TO ALL CAUSES OF ACTION**  
**(No Injury or Damages)**

Plaintiff has suffered no injury or damages cognizable under any State or Federal laws.

**FIFTEENTH AFFIRMATIVE DEFENSE**  
**TO THE SEVENTH CAUSE OF ACTION**  
**(Legitimate Business Practice)**

Defendant's business practices were not unfair, unlawful, fraudulent or deceptive within the meaning of California Business and Professions Code Section 17200.

**SIXTEENTH AFFIRMATIVE DEFENSE**  
**TO SECOND CAUSE OF ACTION**

For any alleged violation that occurred after January 1, 2016, to the extent that Defendant paid Plaintiff at wage rates less than the rates paid to employees of the opposite sex for substantially similar work, when viewed as a composite of skill, effort, and responsibility, and performed under similar working conditions, such a wage differential was based on a seniority system, a merit system, a system that measured earnings by quantity or quality of production, or a bona fide factor other than sex.

**SEVENTEENTH AFFIRMATIVE DEFENSE**  
**TO SECOND CAUSE OF ACTION**

For any alleged violation that occurred prior to January 1, 2016, to the extent that Defendant paid Plaintiff at wage rates less than the rates paid to employees of the opposite sex in the same establishment for equal work on jobs the performance of which requires equal skill, effort and responsibility and which are performed under similar working conditions, such a wage

1 differential was based on a seniority system, a merit system, a system that measured earnings by  
2 quantity or quality of production, or a bona fide factor other than sex.

3 **EIGHTEENTH AFFIRMATIVE DEFENSE**

4 **TO ALL CAUSES OF ACTION**

5 **(Reservation of Rights)**

6 Defendant has not knowingly or intentionally waived any applicable affirmative defenses  
7 and reserves the right to assert and rely on such other applicable affirmative defenses as may  
8 later become available or apparent. Defendant further reserves the right to amend this answer  
9 and/or these affirmative defenses accordingly and/or to delete affirmative defenses that it  
10 determines are not applicable during the course of subsequent discovery. Nothing stated herein  
11 constitutes a concession as to whether or not Plaintiff bears the burden of proof on any issue.

12  
13 **WHEREFORE**, Defendant prays for judgment as follows:

14 That Plaintiff takes nothing by her Complaint;

15 That Plaintiff's claims against Defendant be dismissed with prejudice;

16 That Defendant be awarded costs of suit herein, including attorneys' fees; and

17 That Defendant be granted such other and further relief as may be just and proper.

18  
19 Dated: April 25, 2018

LATHAM & WATKINS LLP

20  
21 By: \_\_\_\_\_ /s/ Joseph B. Farrell  
22 Joseph B. Farrell  
23 Attorneys for Defendant  
24 PACIFIC INVESTMENT MANAGEMENT  
25 COMPANY, LLC  
26  
27  
28

**PROOF OF SERVICE**

I am employed in the County of Los Angeles, State of California. I am over the age of 18 years and not a party to this action. My business address is Latham & Watkins LLP, 355 South Grand Avenue, Suite 100, Los Angeles, CA 90071-1560.

On April 25, 2018, I served the following document described as

**Defendant Pacific Investment Management Company LLC's  
Answer to Plaintiff Stacy Schaus' Complaint**

by serving a true copy of the above-described document in the following manner:

**BY OVERNIGHT MAIL DELIVERY**

I am familiar with the office practice of Latham & Watkins LLP for collecting and processing documents for overnight mail delivery by Federal Express. Under that practice, documents are deposited with the Latham & Watkins LLP personnel responsible for depositing documents in a post office, mailbox, subpost office, substation, mail chute, or other like facility regularly maintained for receipt of overnight mail by Federal Express; such documents are delivered for overnight mail delivery by Federal Express on that same day in the ordinary course of business, with delivery fees thereon fully prepaid and/or provided for. I deposited in Latham & Watkins LLP's interoffice mail a sealed envelope or package containing the above-described document and addressed as set forth below in accordance with the office practice of Latham & Watkins LLP for collecting and processing documents for overnight mail delivery by Federal Express:

Darren J. Campbell  
Chris M. Heikus Weaver  
Aitkin Campbell Heikus Weaver, LLP  
2030 Main Street, Suite 1300  
Irvine, California 92614

I declare that I am employed in the office of a member of the Bar of, or permitted to practice before, this Court at whose direction the service was made and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on April 25, 2018, at Los Angeles, California.

\_\_\_\_\_  
/s/ Kathryn Bowman

Kathryn Bowman