

Judge quashes Credit Suisse bid to vacate advisor arbitration award

By Andrew Welsch

September 17, 2020, 1:48 p.m. EDT



Jeenah Moon/Bloomberg

A state court rejected Credit Suisse's request to vacate part of an arbitration award, ruling that arbitrators had not exceeded their authority by awarding hundreds of thousands of dollars in attorney fees to four former Credit Suisse advisors.

The decision marks the latest twist in a series of legal battles between the bank and its former U.S.-based advisors going back to 2016 when Credit Suisse shuttered its U.S. wealth management business. [Dozens of advisors subsequently filed arbitration claims](#) against the firm, saying it owed and refused to pay them deferred compensation.

The bank rejects these claims.

Charting your own course: Discover five business models for the modern RIA

Charting your own course: Discover five business models for the modern RIA

SPONSOR CONTENT FROM



The plaintiffs, Jonathan Galli, Paul Connolly, Alexander Martinelli and Christopher Herlihy — former Credit Suisse advisors who now work at UBS — filed their claims in 2017. Earlier this year, a Boston-based arbitration panel ordered Credit Suisse to pay the advisors more than \$2 million in compensatory damages, costs and fees as well as interest on a portion of the award. The amount was less than half of the \$4.5 million the advisors originally requested, according to the award.

Credit Suisse subsequently filed a motion in Massachusetts state court to vacate part of the award, arguing that the arbitrators should not have awarded approximately \$400,000 in attorney fees. The Swiss bank claimed in legal filings that there was no provision in any agreement between Credit Suisse and the advisors that entitled them to seek the payment of attorneys' fees.

IMMERSIVE

Why can't these advisors get paid?

When an unusual recruiting deal between Credit Suisse and Wells Fargo went awry, years of broker frustration, severe attrition and litigation followed. Also at stake: Up to \$245 million in back pay.

By [Andrew Welsch](#)

Judge Janet Sanders rejected the bank's request, noting that the grounds for vacating an arbitration award are extremely narrow. Also, she noted, Credit Suisse itself had originally submitted a request for fees in its counterclaims against the four advisors.

"By itself demanding attorneys' fees and then submitting that demand (through its counterclaim) to arbitration, Credit Suisse effectively gave the arbitrators the authority they would not have otherwise had to award attorneys fees to the prevailing party," Sanders wrote in her decision.

"Accordingly, this court sees no reason to disturb the panel's decision," she wrote.

In a statement, Credit Suisse noted that it had won an arbitration case against UBS for alleged raiding (more than 100 ex-Credit Suisse advisors moved to UBS after the firm announced plans to close the unit).

"In this case, given that the claimants received only about one-ninth of the deferred awards they sought, we elected to challenge only the attorneys' fees portion of the award.

Nevertheless," the bank continued, "Credit Suisse respectfully disagrees with the decision."

The advisors were represented by the law firm Lax & Neville, which [has represented](#) a slew of ex-Credit Suisse advisors in arbitration cases and [won several multimillion dollar awards for their clients](#).

Andrew Welsch Managing Editor, Financial Planning [🐦](#) [✉](#) [in](#)



 **REPRINT**

For reprint and licensing requests for this article, [click here](#).

Lawsuits

Litigation

Arbitration

Compensation

Credit Suisse