

NEWS [Regulation](#)

Credit Suisse ordered to pay former brokers about \$10 million



The decision by Finra arbitrators is another win for advisers who say the firm owes them money after an October 2015 decision to shut its U.S. private bank.

January 5, 2022 *By Mark Schoeff, Jr.*

You have read 1 of 3 free articles this week. [Register now for increased access.](#)

Former Credit Suisse Securities brokers recently added to their arbitration winning streak against the firm over deferred compensation.

In a [Dec. 23 award](#), three Financial Industry Regulatory Authority Inc. arbitrators ordered Credit Suisse to pay seven of its former brokers about \$6.4 million in damages, costs and attorneys' fees in a dispute stemming from the Swiss firm's October 2015 decision to shutter its U.S. private banking business.

The Finra arbitrators also made the firm pay 10% annual interest from the brokers' dates of departure, in November or December of 2015 for each of them. The interest payments boosted the overall award to about \$10 million, said the brokers' lawyer, Barry Lax, a partner at Lax & Neville.

The brokers are the latest claimants who allege Credit Suisse failed to pay them money they were owed when they lost their jobs. Credit Suisse had a recruiting agreement to send its brokers to Wells Fargo. But the brokers involved in the arbitration cases went to other firms, including UBS and [Morgan Stanley](#).

The December victory follows an arbitration win in November for former Credit Suisse brokers represented by Lax. In the [Nov. 5 award](#), Finra arbitrators ordered the brokerage to pay its former advisers about \$9 million, although Credit Suisse recovered some money in a counterclaim alleging improper solicitation and overpayments to some of the brokers.

Lax has represented 25 former Credit Suisse advisers who have won more than \$30 million since October 2018. Overall, there have been nine arbitration awards for former Credit Suisse brokers in cases that have been heard in Atlanta, Chicago, New York, Boston and now Los Angeles, Lax said.

"In every city from across the country, [former] Credit Suisse advisers have been successful in recovering their deferred compensation that Credit Suisse unlawfully canceled," Lax said. "The facts and the law are very clearly in favor of the advisers."

Credit Suisse spokesperson Jonathan Schwarzberg said Lax's victory declaration was misleading and inaccurate. He pointed to a September 2019 arbitration decision in which [UBS was ordered to pay Credit Suisse \\$9 million](#) for inducing Credit Suisse brokers to resign as part of a raid.

Schwarzberg also said the arbitrators' ruling in the Dec. 23 case contradicts a finding by appellate courts that contingent incentive compensation is not a wage.

"Credit Suisse continues to believe that no one is entitled to windfall double recoveries of amounts that they have already been paid by the firms they joined," Schwarzberg said in a statement.

AdvisorHub first reported the Dec. 23 award.

In addition to breach of contract claims, the brokers in the December case also sought the expungement on their Form U5s of the reason for their departure from Credit Suisse. The initial reason was "voluntary resignation." The arbitrators ruled it should be changed to "other – termination without cause."

Credit Suisse does not have to pay deferred compensation for a resignation but does have to if a broker is removed without cause, Lax said.

It's unclear whether Credit Suisse will try to get its latest arbitration loss on deferred compensation vacated in court. In July 2020, the New York Supreme Court ***ruled against the firm.***

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

MOST READ

Newsletters

Subscribe for original insights, commentary and analysis of the issues facing the financial advice community, from the InvestmentNews team.

Recent Articles by Author



Credit Suisse ordered to pay former brokers about \$10 million

The decision by Finra arbitrators is another win for advisers who say the firm owes them money after an October 2015 decision to shut its U.S. private bank.

Political tension could permeate the SEC's 2022 agenda

Republican commissioners have criticized SEC Chairman Gary Gensler's expansive agenda.

Finology makes debut in continuing education

Jacob Wagner and Natalie Wagner Willis are carrying on their late father Dick Wagner's work on finology, which examines a person's internal relationship with money.

Finra rule to rein in rogue brokers goes into force

The New Year may not be so happy for firms that employ a high number of registered reps with disciplinary histories.

Brokerages pay \$5 million in restitution for 529 plan violations

LPL, Wells Fargo and three Advisor Group firms avoided penalties for 'extraordinary cooperation' with Finra's investigation.