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Finra arbitrators award more than $3 million to three former Credit Suisse brokers

Reps joined J.P. Morgan instead of Wells Fargo after shutdown of CS wealth management unit

By Mark Schoeff Jr. | *September 6, 2019 - 5:51 pm EST*

Finra arbitrators ordered Credit Suisse to pay three former brokers more than $3 million in a case involving disputed deferred compensation.

In an award posted Friday, the three-person, majority-public Financial Industry Regulatory Authority Inc. arbitration panel found Credit Suisse liable for failing to pay Christian N. Cram, Andrew E. Firstman and Mark G. Horncastle money they were owed when Credit Suisse shuttered its brokerage business in 2015.

At the time, Credit Suisse entered an exclusive agreement with Wells Fargo to recruit Credit Suisse registered representatives. In November 2015, the three brokers joined the Atlanta office of J.P. Morgan Securities as a team.

They are among a group of former Credit Suisse brokers who did not migrate to Wells Fargo and have filed arbitration claims against Credit Suisse over deferred compensation that they allege Credit Suisse withheld. Former Credit Suisse brokers won arbitration claims last October and November, and more actions are pending.

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In the latest case, the Finra arbitrators awarded compensatory damages of $1 million to Mr. Firstman, $660,000 to Mr. Horncastle and $85,000 to Mr. Cram. They also awarded $97,596 in costs and $719,000 in attorneys' fees to all three.

In addition, the arbitrators ordered Credit Suisse to pay interest at the rate of 7% on the compensatory damages starting from Oct. 20, 2015, until the date of the award. That amounts to approximately $500,000 in further damages and pushes the total award over $3 million.

"We're extremely pleased with the award," said Ross Intelisano, a partner at Rich Intelisano & Katz who represented the claimants. "It was 100% on deferred compensation, and they were made whole with all the extras."

Credit Suisse said the claims by their former brokers lack merit.

"Credit Suisse is fully committed to vigorously defending against each and every case that seeks unjust double compensation or otherwise seeks to paint individuals who 'hit the lottery' as 'victims,'" Credit Suisse spokeswoman Karina Byrne said in a statement. "In most of these cases, the claimants are improperly attempting to be paid the same dollar twice. While this arbitration panel awarded the claimants far less than they demanded, Credit Suisse nevertheless firmly believes that the decision manifestly disregarded binding legal requirements."