Advisors win $2.5M deferred comp case against Credit Suisse

By Andrew Welsch

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Nearly four years after parting ways with Credit Suisse, three advisors may finally get their last paycheck.

An arbitration panel ordered Credit Suisse to pay more than $2.5 million in compensation, costs and damages to advisors Christian Cram, Andrew Firstman and Mark Horncastle. They alleged that the firm had wrongfully withheld their deferred compensation when it shuttered its U.S. wealth management business in 2015.

It's the fifth time former Credit Suisse brokers have won an arbitration case over deferred compensation.

"It's a very substantial victory," says attorney Ross Intelisano, whose law firm, Rich, Intelisano & Katz, represented the advisors.

Cram, Firstman and Horncastle parted ways with the Swiss bank in November, 2015, one month after Credit Suisse announced it would exit the U.S. wealth management business and employees. They had worked at Donaldson, Lufkin & Jenrette and stayed on following its acquisition by Credit Suisse in 2000.

But after Credit Suisse announced its plans to exit the wealth management business, they, like many of their colleagues, passed on the Wells Fargo deal and moved to competitors. Only about one third of Credit Suisse's nearly 300 advisors signed on with the wirehouse.

The arbitration claims in the Cram, Firstman and Horncastle case is similar to many other cases, where Credit Suisse has maintained that advisors who moved to competitors resigned voluntarily and thus gave up their deferred compensation. Advisors contend that the firm effectively laid them off, and their deferred comp is due.

On Sept. 5, arbitrators sided with Cram, Firstman and Horncastle, dealing Credit Suisse blows on several counts.

In addition to awarding approximately $1.7 million for withheld deferred compensation, the panel ordered Credit Suisse to pay 7% interest on that amount from Oct. 20, 2015 to the date of the award.

The panel also ordered the firm to pay $97,000 in costs and $719,000 in attorney fees.

The case involved 34 hearing sessions totaling $37,000. The panel stuck Credit Suisse with the entire bill.

Credit Suisse's counterclaims — alleging breach of contract and misappropriation of trade secrets against the Cram, Firstman and Horncastle — were also denied.

As is usual in arbitration cases, the panel did not explain its reasoning.

"The [advisors] are extremely pleased with the award," Intelisano says, adding that it has made them whole on the deferred comp issue. His law firm has two other pending cases against Credit Suisse over the same matter.

The firm "is fully committed to vigorously defending against each and every case that seeks unjust double compensation," a Credit Suisse spokeswoman said in a statement, referencing to recruiting deals competitors offered to former Credit Suisse advisors. The company "firmly believes that the decision manifestly disregarded binding legal requirements," the spokeswoman said.

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