

HIELSCHER: Broker wins \$3 million in defamation case

By John Hielscher
Staff Writer

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A Sarasota investment adviser has won a \$3 million damage award from his former employer.

An arbitration panel of the **Financial Industry Regulatory Authority**, known as FINRA, ruled that **UBS Financial Services** defamed broker **James L. Springer Jr.** in statements it made to his former clients.

Springer, who managed \$350 million in client assets during his 12 years at UBS, claimed he was fired in 2014 two days before he was leaving to join another brokerage firm. In FINRA documents, UBS said Springer was let go after he “acknowledged” using his corporate credit card for personal expenses.

Springer filed a defamation claim against UBS in early 2015, alleging the firm falsely told his clients there that he had been overcharging them. He sought between \$63.8 million and \$96.5 million in damages.

After more than 50 hearing sessions since 2016, a three-member arbitration panel on Oct. 25 found UBS liable and ordered it to pay \$3 million in compensatory damages.

“The award is one of the largest in the financial industry related solely to defamation and sends a strong signal that broker-dealers can no longer use these types of inappropriate tactics to retain clients,” said **Michael Taaffe**, an attorney with **Shumaker, Loop and Kendrick** in Sarasota who represented Springer.

But the arbitration panel denied Springer’s request to expunge the cause for termination from the public record, as well as his bid for punitive damages and attorneys’ fees.

In a statement to the Herald-Tribune, UBS said it was disappointed in the panel’s decision.

“All but one of Mr. Springer’s 15 claims were denied, and this award is substantially less than the up to \$96.5 million he asked for,” said **Peter Stack**, managing director and head of media relations at UBS Americas.

“It’s important to note that, among other claims, the FINRA arbitration panel denied the claim that he was wrongfully terminated, as well as his claims to expunge the ‘Reason for Termination’ and ‘Termination Disclosure’ reported on his FINRA Form U5.”

Springer, who has worked for **Stifel, Nicolaus & Co.** in Sarasota since 2014, alleged that UBS launched a campaign of defamatory statements as a tactic to retain his clients after he departed that firm. He had been listed among the top 50 advisers at UBS.

Starting about the time Springer left UBS, a number of former UBS clients filed complaints against him alleging such things as high fees and inappropriate investments. UBS settled most of them, but Springer disputed their allegations and, in some cases, said UBS was settling to retain those clients, according to FINRA records. His attorneys said he will seek to expunge those disclosures from his record.

Attorneys **Jarrold Malone** and **Brandon Taaffe** of Shumaker also represented the broker.

Credit card popularity

Consumers are still whipping out their credit cards to make purchases, but card companies look like they are trying to slow the growth.

Purchase volumes with credit cards rose 9 percent in the second quarter after a seasonal slowdown in the first three months of 2017, according to the **American Bankers Association**. And while the number of new accounts increased, it was at the slowest pace since 2013, reflecting subdued growth in new prime and subprime accounts.

“While the credit card market continues to expand, issuers appear to be tapping the brakes on new account creation for prime and subprime borrowers,” said **Jess Sharp**, executive director of ABA’s Card Policy Council.

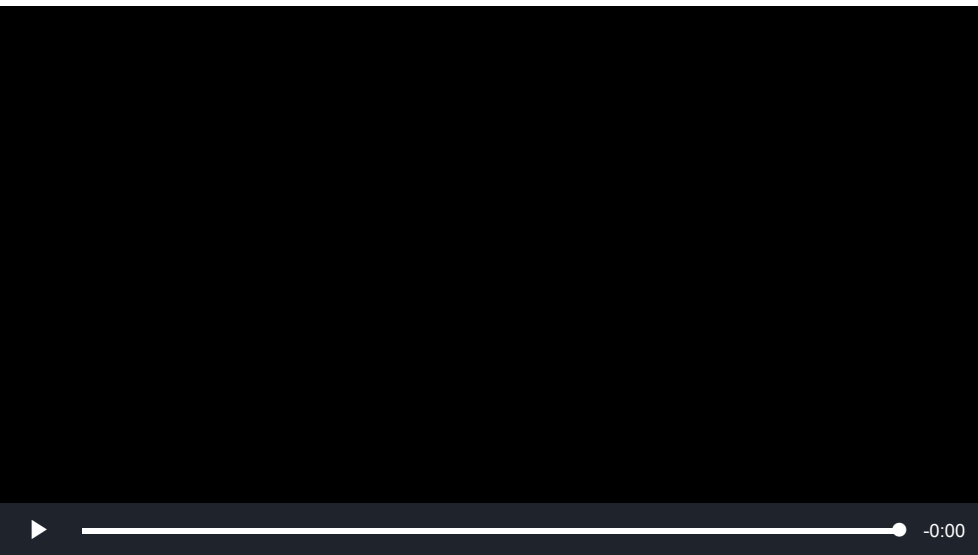
Contact John Hielscher at 361-4875, fax to 361-4880 or email john.hielscher@heraldtribune.com.



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