



UBS must pay fired broker \$3M over defamation claim

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An advisor fired by UBS will receive \$3 million from his former firm after losing three quarters of his clients and a massive recruiting deal from a rival wirehouse, his lawyer says.

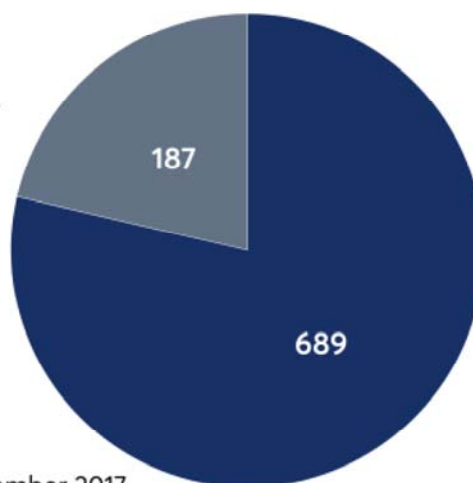
The compensatory damages won by James L. Springer Jr. in FINRA arbitration late last month represent the largest award for defamation this year, according to decisions available on the regulator's website. Springer, who now works for Stifel in Sarasota, Florida, had accused UBS of multiple harmful actions.

"I think he's very happy," says Springer's attorney, Mike Taafe of Shumaker, Loop & Kendrick. "The reason he took it all the way to the end was that he wanted his clients to know that the things they were saying weren't true."

A frequent controversy?

More than 20% of intra-industry cases involve defamation, libel or slander.

- Libel, slander or defamation, 187
- Other claims, 689



Source: FINRA, cases filed through September 2017

BAD ACTOR?

In its latest earnings, UBS Wealth Americas disclosed that its litigation and regulatory expenses have nearly doubled this year to \$80.9 million. Its Puerto Rico unit has [paid out more than \\$300 million](#) in connection with arbitration claims since 2013, [according to](#) the Securities Litigation & Consulting Group.

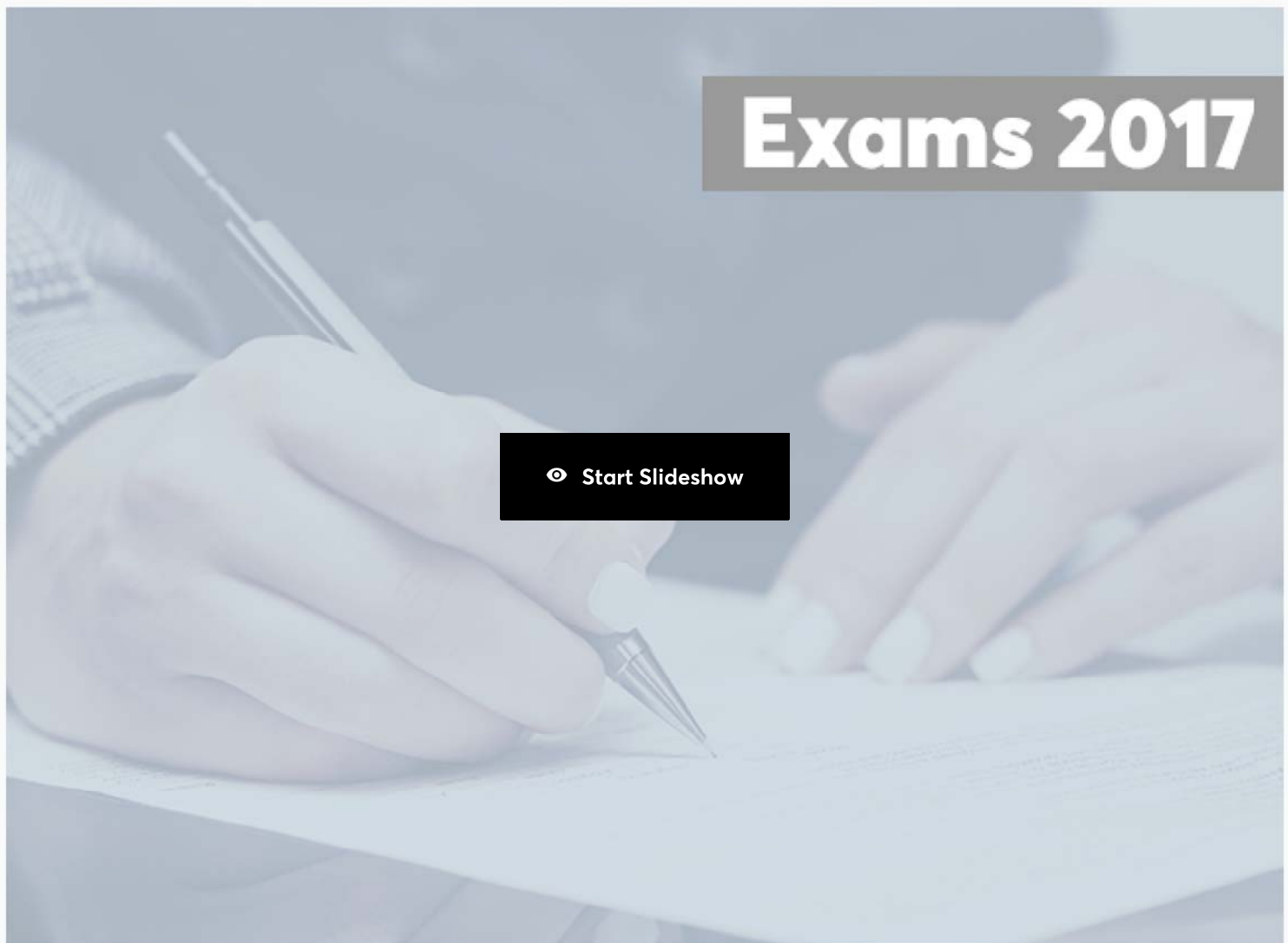
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"Defamation claims are extremely difficult cases to win," Foxman says. "To not only win, but to get a sizeable award on top of it is certainly significant in the business."

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Regulators have revealed what kind of issues advisors must address if faced with a review.

UBS had fired Springer in July 2014, alleging he listed personal expenses as business expenses on his corporate credit card. UBS spokesman Peter Stack noted that the arbitration panel did not uphold 14 of Springer's 15 claims and awarded him much less than his request range of \$63.8 million to \$96.5 million.

[The Latest](#) (1/5)

CLIENT WITNESSES FOR DEFENSE

Springer and his lawyer didn't expect to get the U5 expunged because of firms' leeway in such filings, Taafe says. The expense account issue stemmed from a small mistake amounting to a couple hundred dollars made by a member of Springer's staff in filing his corporate card report, according to the lawyer.

UBS fired Springer, its onetime top producer in Florida, because they knew he had reached a deal with Merrill Lynch, Taafe says. The termination filing two days before Springer was supposed to start caused the rival firm to rescind its \$21 million offer, according to the lawyer.

Representatives for Merrill Lynch didn't immediately respond Monday to a request for confirmation of Taafe's account of the recruiting deal.

UBS followed the dismissal by sending a letter to clients telling them that Springer and his team had been overcharging them, Taafe says, resulting in 17 complaints on his BrokerCheck record and the loss of most of his book of clients.

"The whole thing was instigated by UBS and by the manager involved," he says. "They actually considered it a retention policy."

The complaints have resulted in UBS-paid settlements adding up to more than \$1.2 million, BrokerCheck shows. A lot of the clients who submitted claims eventually testified on Springer's behalf during the arbitration proceedings against UBS, though, and some have even hired Springer as their advisor again, Taafe says.

Springer's next step, he adds, will be to seek expungement of the client complaints from his record.



Tobias Salinger

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