

Merrill Must Pay \$10M to Two Advisors

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A U.S. district court has rejected **Merrill Lynch**'s attempt to overturn an arbitration ruling that ordered the brokerage to pay \$10.2 million to two former advisors who claimed they were owed deferred compensation. So reports *Reuters*.

A [Financial Industry Regulatory Authority](#) panel ordered Merrill in April to make the payment to Florida advisors **Tamara Smolchek** and **Meri Ramazio**. The women were awarded \$5.2 million in compensatory damages and \$5 million in punitive damages.

Smolchek will receive about \$4.3 million, while Ramazio was awarded \$875,000 for unpaid wages, unpaid deferred compensation, lost wages, lost book, value of business and reputation. Smolchek was awarded punitive damages of \$3.5 million, and Ramazio will receive \$1.5 million, *Dow Jones Newswires* reports.

In its case, Merrill claimed the chairwoman of the FINRA arbitration panel, **Bonnie Pearce**, was biased because her securities lawyer husband had represented clients against Merrill in the past. The brokerage also accused the three-member panel of misconduct and exceeding its powers.

Merrill is reviewing yesterday's court decision, a spokesman says.

Hundreds of the 3,300 advisors who left Merrill after it was acquired by [Bank of America](#) in 2008 have filed FINRA claims, arguing the takeover established "good reason" for the payment of deferred pay, *Reuters* reports.

Merrill denied all demands for the payments, according to earlier FINRA filings. Yesterday's ruling, by the U.S. court for the Southern District of Florida, comes in the wake of last month's proposal that Merrill would pay \$40 million to settle a class action with 1,400 former advisors over deferred payments.

That settlement would only benefit advisors who generated about \$500,000 or less in annual fees and commissions. Advisors can decide to join the class or may opt out and take individual cases through FINRA, *Dow Jones* reports.

The court's ruling "clearly shows" that Merrill's offer to settle the class-action "has undervalued the cases," says **Michael Taaffe**, the lawyer who represented Ramazio and Smolchek. Advisors should arbitrate their claims rather than accept the class-action settlement, says Taaffe.

Ramazio, who was eligible for the proposed class-action settlement, would have received only about \$9,000 through that process, notes Taaffe.

By [Kathleen Laverty](#)

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