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# Merrill Lynch must pay $10.2 mln in compensation-ruling

April 4 (Reuters) - Bank of America's Merrill Lynch must pay $10.2 million to two former brokers after a regulatory panel ruled that the firm fraudulently denied the brokers' deferred compensation.

The Financial Industry Regulatory Authority panel said that the brokerage unit "intentionally, willfully and deliberately breached its fiduciary duty" by depriving brokers Tamara Smolchek and Meri Ramazio of their rights to collect money from deferred compensation plans after Bank of America acquired Merrill late in 2008.

"This decision is very atypical because most FINRA decisions are light on the evidence and have very little analysis of the case itself," said New Jersey-based industry lawyer Tom Lewis, referring to the 16-page document outlining the arbitration award.

"This panel has gone well over what is normal and typical in giving an explanation in how it justified this large decision," he said.

The panel broke down the award payments into compensatory damages totaling $5.2 million, and punitive damages totaling $5 million. Compensatory damages included unpaid wages, unpaid deferred compensation, lost wages, lost book, value of business and reputation.

Under the terms of several of Merrill's deferred compensation programs, brokers who left the firm with "good reason," would have vesting rights to money amassed in their tax-deferred accounts.

Many of the more than 3,000 financial advisers who left the brokerage after the acquisition are seeking compensation they say was wrongly denied. The panel said it was "shocked" that not one of those claims has been approved for vesting.

"There was no credible documentation of any protocol for making decisions, reasons for decisions, guidelines for determining approval/denial, or any evidence that any investigation was conducted for the Claimants' claims," the panel said in the arbitration document released on Wednesday.

Bank of America spokesman Bill Halldin said the firm has asked a federal court to overturn the award.

"The amount of the award bears no relation to the damages at issue," Halldin said.

The brokers' attorney, Michael Taaffe of Florida-based Shumaker, Loop & Kendrick, called the ruling "a well-reasoned decision."

(Reporting By Ashley Lau)