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Ameriprise Fails To Block Award Of \$22 Million

By SUSANNE CRAIG
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A federal judge has denied a motion from brokerage firm Securities America, a division of Ameriprise Financial Inc., to toss out a recent \$22 million arbitration award against it.

"We are disappointed with the court's ruling and are likely to appeal portions or all of it," said a spokeswoman for Ameriprise, of Minneapolis.

On Tuesday, Eastern District of Louisiana Judge Jay Zainey upheld the award in favor of several former employees at **Exxon Mobil** Corp. The award, one of only a handful of customer-related complaints to top the \$20 million mark, focuses on broker David McFadden, of Baton Rouge, La., and 32 former Exxon Mobil employees, a mix of largely blue-collar workers who either worked at Exxon's local refinery or nearby chemical plants and held primarily entry-level jobs and whom he recruited as clients in the late 1990s.

The employees contend Mr. McFadden promised them impressive returns, and not only did he fail to deliver, but that he in some cases placed them in high-fee investments that were contrary to their investment objectives.

"We are thrilled for our clients that we have moved one step closer to paying this award," said James Swanson, a lawyer for the retired Exxon employees.

During the arbitration hearing, the three panel members heard that the National Association of Securities Dealers, which is investigating the firm's behavior in the case, had raised numerous concerns about the firm's supervision of Mr. McFadden and had criticized the its failure to review many of Mr. McFadden's trades.

Securities America previously has said it plans to meet the obligation of the \$11.6 million compensatory portion of the award. Securities America had asked the court to vacate the \$3.5 million punitive-damage portion of the award and reduce the approximately \$4.7 million in legal fees as well as other amounts, saying these sums were granted in manifest disregard of state law.

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