
EMPLOYMENT - CALIFORNIA

Wedbush Securities, Inc. v. Stephen Kelleher

Court of Appeal, First District, Division 4, California - April 9, 2013 - Not Reported in Cal.Rptr.3d

FINRA arbitration panel finds firm's failure to compensate the head of its tax-exempt sales and trading desk "morally reprehensible."

Plaintiff is an experienced municipal bond trader who went to work for a financial services firm as the head of its tax-exempt sales and trading desk.

Several years later, plaintiff filed a "Statement of Claim" (SOC) with the Financial Industry Regulatory Authority (FINRA), the designated adjudicator of any dispute between plaintiff and the firm concerning his compensation. The SOC outlined the basic facts relating to plaintiff's claim for unpaid compensation, and sought more than $6 million against the firm.

A hearing was held before a three-person panel. The panel awarded plaintiff $3.5 million in compensation the panel found was owed because of the firm's "morally reprehensible failure and refusal to compensate" plaintiff in a timely fashion.

The firm filed suit to vacate the arbitration award, claiming: 1) error by the panel in denying the firm's request to postpone the arbitration hearing; 2) error by the panel in excluding the firm's late proffered evidence concerning the company's investigation into possible regulatory irregularities by plaintiff and/or his department; and 3) the failure by one of the arbitrators to disclose a ground for his disqualification.

The appeals court found no error and confirmed the award.

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