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Ameriprise Financial Unit Ordered to Pay More Than \$2 Million to Client's Estate

Arbitration panel awards damages, sanctions in case linked to broker's misdeeds



An Ameriprise Financial spokesman said the firm strongly disagrees with an arbitration decision in favor of a late client's estate. *PHOTO: BLOOMBERG NEWS*

By ANNA PRIOR

Jan. 20, 2016 7:05 p.m. ET

An arbitration panel ordered a unit of Ameriprise Financial Inc. to pay more than \$2 million to the estate of a deceased Virginia woman for losses tied to misdeeds by a former Ameriprise broker.

The executor of the estate of Glenn B. White had accused Ameriprise Financial Services Inc. of failing to supervise a broker in the firm's Virginia Beach, Va., branch who admitted in federal court in 2014 to stealing from Ms. White and four other clients, according to an arbitration claim with the Financial Industry Regulatory Authority and court documents.

Ms. White, who died at the age of 91 in 2014, had been a client of former broker Jeffrey Davis for nearly a decade before learning in 2013 that Mr. Davis had been stealing from her for over a year, said Ed Spivey, a Norfolk, Va., attorney who represented Ms. White's estate in the arbitration claim.

Mr. Davis was fired from Ameriprise and barred from the brokerage industry by Finra in 2013, according to Finra's BrokerCheck website.

In 2014, in federal court in Norfolk, he pleaded guilty to wire fraud, admitting that he stole nearly \$200,000 from five clients, including Ms. White, according to court documents. Last year, he was sentenced to 4½ years in prison, the documents say.


In at least two cases involving clients of Mr. Davis, Ameriprise reported the misappropriation of client funds to Finra, according to Mr. Davis's BrokerCheck report. The report notes both clients received settlements covering the alleged damages.

A spokesman for Ameriprise noted that in the case of Ms. White, the firm "identified the matter and promptly reimbursed the client."

In the latest development, the arbitration panel awarded Ms. White's estate \$500,000 in damages, along with \$1.5 million in punitive damages and more than \$36,800 in sanctions, which include certain attorney's fees, according to the award posted on Finra's website. The estate had sought \$1 million in damages and \$1.5 million in punitive damages, plus other amounts.

As is customary, the Finra arbitrators didn't provide details on the reasoning for their decision, which was dated Tuesday.

The Ameriprise spokesman said the firm strongly disagrees with the panel's decision stating that it is "unsupported by the facts and the law." The firm said it is planning to take future legal steps to challenge the award.

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