

Brokers battle over client info

By PATRICK BURNS, Staff Writer

A legal dispute between a pair of Lancaster brokerage firms alleges that two former Smith Barney employees took confidential customer information with them when they joined Janney Montgomery Scott on Feb. 18.

A federal judge in Philadelphia on Monday ordered brokers William Meyer and Marcy LePrell to conduct a “good-faith search” and return any information not covered in the “protocol for recruiting brokers” to Smith Barney.

According to the protocol, signed by both companies, exiting financial advisers are entitled to take certain customer information that is limited to client name, address, phone number, e-mail address and account title.

Meyer and LePrell claimed in resignation letters to Smith Barney dated Jan. 18 that they followed the protocol and did not take restricted information with them to Janney Montgomery’s offices at 1650 Crooked Oak Drive, according to court documents.

But Smith Barney’s suit, filed Feb. 25 before Judge R. Barclay Surrick, claims Meyer and LePrell secretly compiled a customer data base that contains customers’ private information, including account numbers, holdings, performance history, investment objectives and other financial information.

The Smith Barney office, at 205 Granite Run Drive, directed calls to its New York headquarters.

“We don’t comment on active litigation, but believe strongly in the broker protocol, and will always work to ensure that participants live up to its terms,” Alexander Samuelson, Smith Barney spokesman, said Wednesday.

Thomas B. Lewis, the attorney representing Meyer and LePrell, said Wednesday that the judge’s ruling should end the legal dispute, which also names Janney Montgomery Scott as a defendant.

“We believe this is nothing more than than intimidation by Smith Barney, who is sending a message that it will keep its reps under control,” said Lewis, of the Stark & Stark law firm in Lawrenceville, N.J.

Lewis said Meyer and LePrell filed a declaration with the court Monday stating they are not in possession of the information that the suit alleges.

“We’re hoping this will now be dismissed,” Lewis said. “Their actions were appropriate and there was no wrongdoing.”

Smith Barney’s troubled parent, Citigroup, is reportedly in negotiations with the Treasury Department, asking it to increase its ownership stake of the bank to 40 percent.

Meyer and LePrell moved to Janney’s Lancaster office Feb. 18 after eight years at Smith Barney, which has seen a exodus of brokers recently.

According to a report at InvestmentNews.com, Smith Barney lost 11 percent of its adviser force in 2008, dropping its head count to 13,765 reps and advisers at the end of December.

Samuelson said that the aggressive recruiting of financial advisers is “super heated” right now and that “Smith Barney is active and engaged in the Lancaster area.”