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Goldman Drops Case Against Former Advisors

By [Helen Kearney](#)

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Goldman Sachs has dropped its case against five former financial advisors and two support staffers in its Atlanta office who defected to Credit Suisse earlier this month.

Goldman Sachs [\[GS\]](#) filed a notice to dismiss all claims without prejudice in the U.S. District Court for the Northern District of Georgia on Friday.

A Credit Suisse [\[CS\]](#) spokesman and a Goldman Sachs attorney declined to comment. A Goldman Sachs spokeswoman confirmed that the matter had been resolved but declined to provide any further comment. No information about a settlement between the parties has been revealed.

Goldman Sachs filed the claim against its former employees—David Greene, Craig Savage, Andrew Thompson, Sharran Srivatsaa, John Pitt, Stephanie Dennard and Kim Tyson— on Tuesday. It accused the advisors of breaching their non-solicitation agreements by moving to rival firm, Credit Suisse, and attempting to take their clients with them. At the time, the advisors were collectively the principal advisor to 140 clients.

Neither Goldman Sachs or Credit Suisse are signatories to the Protocol for Broker Recruiting, which permit advisors switching from one signatory firm to another to take basic client contact information with them.

Thomas B. Lewis, a partner-in-charge of the employee litigation group at Stark & Stark, was not involved in this case but said that these types of cases are typically settled quickly. Lewis says the firm who poached the advisors will often agree to pay a portion of the revenue generated by any of the accounts that the advisors' transferred over for a period of 12 months to their prior firm.

Lewis said that both sides probably came to a quick resolution to make sure they didn't spend hundreds of thousands of dollars on legal fees "only to get nothing out of it except unwanted publicity and embarrassment in the newspapers."

Details about the size of recruitment deals offered to advisors are particularly sensitive at this time as Washington trains its spotlight on Wall Street firms, Lewis said.

"Goldman Sachs had to show its employees that it will enforce its non-solicitation agreements, but it also wants to make sure its clients aren't dragged into it," he added.

However, the initial claim also provided some interesting insight into the high-stakes game of advisor recruitment at the prestigious, ultra-high-net-worth end of the industry.

According to the claim, the employees "abruptly left" Goldman Sachs on the evening of February 5 after Credit Suisse offered them "tens of millions of dollars" to move. Goldman accuses the employees of taking confidential customer lists and trade secrets in order to lure their clients over to their new firm. The advisors had all signed non-solicitation agreements.

The defendants were reportedly highly compensated at Goldman Sachs—David Greene's personal compensation for 2009 exceeded \$1 million, according to the claim.

Indeed, Greene was a particular focus of the claim, as he allegedly wavered at the last moment in his decision to move to Credit Suisse. Following the employee's Friday afternoon resignation on February 5th, Greene reportedly called Goldman's Atlanta office manager, David Fox, at 5am the following morning and expressed regret about the move, saying it was motivated by "money only" and revealing that Credit Suisse had agreed to pay him \$11 million to leave Goldman Sachs.

WHAT DO YOU THINK?

Are non-solicitation agreements effective in preventing advisors from switching firms?

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