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# J.P.Morgan sues former adviser

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By Helen Kearney

NEW YORK, July 7 (Reuters) - J.P. Morgan Chase & Co is suing a former financial adviser who defected to Morgan Stanley Smith Barney and has already transferred \$30 million of client assets to his new company, according to documents filed in the New York Supreme Court on Wednesday.

JP Morgan accuses Michael Lupia of breaching his employment contract and using confidential company information to contact former clients and transfer their accounts.

According to the suit, Lupia sent a letter to at least 125 clients offering reduced fees if they moved their accounts over to Morgan Stanley.

Lupia, who joined Morgan Stanley's Great Neck, New York, branch on June 18, oversaw \$217 million in client assets at JPMorgan, the documents said.

JP Morgan is also accusing Morgan Stanley Smith Barney, a joint venture between Morgan Stanley and Citigroup Inc., of aiding Lupia in breaching his obligations.

A Morgan Stanley spokeswoman declined to comment on the suit. JPMorgan did not immediately return calls for comment.

JPMorgan is seeking an injunction against Lupia and Morgan Stanley to stop them from soliciting any more of its clients. It also wants Lupia to return the information he took from the bank.

Under the Protocol for Broker Recruiting, advisers are permitted to take basic client contact information when they change firms without fear of being sued.

Morgan Stanley is a signatory to the protocol but JPMorgan is not, which means it is free to sue advisers and firms in these situations, said Tom Lewis, an attorney with Princeton, New Jersey-based Stark & Stark.

*The case is: Chase Investment Services Corp v. Michael Lupia and Morgan Stanley Smith Barney, New York State Supreme Court, County of New York, No.650832-2010. (Reporting by Helen Kearney; additional reporting by Jonathan Stempel, editing by Matthew Lewis)*