

Edelman Financial ordered to pay \$160k after losing Finra arbitration



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The firm had sought over \$3 million from former retirement plan division executive R.J. Reibel over claims he violated a non-solicitation clause in his contract.

Edelman Financial Services' dispute with one of its former executives has ended up with the firm being ordered to pay out \$160,000 in compensatory damages.

A panel of Financial Industry Regulatory Authority (Finra) arbitrators ruled against the RIA after it tried to win a permanent injunction against its onetime manager of retirement plans, R.J. Reibel. Reibel now works as a vice president of RIA Cary Street Partners' corporate benefits and retirement division. He left Edelman in April of 2018.

Edelman Financial Services did not respond to requests for comment through a spokeswoman and its legal counsel. Edelman Financial Services merged with 401(k) account manager Financial Engines in 2018. The combined company, Edelman Financial Engines, is the world's largest RIA, managing around \$200 billion.

Reibel's lawyer, Todd Ratner of Todd Ratner PLC, told *Citywire* that Edelman sued Reibel in a Virginia court in May of 2018 after he contacted some of his old clients to let them know that he had changed firms, which Edelman claimed violated a non-solicitation clause in his contract. In addition to the injunction, Edelman sought \$2.2 million in compensatory damages and \$1 million in attorneys' fees.

Reibel and Cary Street Partners countered that the lawsuit violated a mandatory arbitration clause in the same contract, successfully pushing the case to Finra's mediators.

Reibel and Cary Street filed a counterclaim with Finra seeking \$500,000 in compensatory damages and \$289,517 in legal fees. Ultimately, a panel of three arbitrators awarded the two \$160,000, wholly denying Edelman's claims.

'Cary Street and R.J. are just really glad to have this behind them. It was long and expensive, it was really just a distraction from their business,' said Ratner. 'They're very grateful that the arbitrators found in our favor. They felt it was absolutely necessary to defend themselves in this case. It was not something they sought out.'

The Finra fracas is not the first time Edelman Financial Services has accused former employees of violating their contracts. In October of 2018, *Financial Planning* reported that the firm accused former partner David Bach of stealing trade secrets after leaving Edelman in 2015 to build his own independent RIA, AE Wealth Management, sending Bach a cease-and-desist letter.

You can read the full Finra arbitrators' report [here](#).