

Raymond James To Pay \$15M To Settle Hidden-Fee Claims

By **Hannah Albarazi**

Law360 (June 12, 2019, 4:27 PM EDT) -- [Raymond James Financial](#) agreed Tuesday to pay \$15 million to a certified class of nearly 59,000 customers to settle claims that the Florida-based investment bank and financial services company charged customers unauthorized commissions via a padded "processing fee."

In addition to the monetary relief for customers, Raymond James also agreed to modify language in the customer agreements at the heart of the dispute to provide "full disclosure of the nature of the fees incurred for transactions in the future," according to the proposed settlement agreement filed in Florida federal court.

The proposed settlement stems from two cases in which customers allege that Raymond James charged them fees far beyond the actual cost of executing transactions involving the purchase or sale of securities.

The customers say they paid "what was tantamount to hidden or disguised commissions" as a result.

The certified class and subclass members will be able to receive partial reimbursement for those fees in the form of cash payments from the \$15 million settlement fund once taxes, class representative fees and attorneys fees and costs have been awarded, according to the proposed settlement.

Consumer plaintiff Jyll Brink first filed suit in February 2015. In her amended complaint, filed last year, Brink alleges two claims against Raymond James related to the fee: breach of contract and negligence.

Brink alleges in her lawsuit that Raymond James charges account holders an "unauthorized and unreasonable" processing fee, also sometimes labeled a "misc. fee," when it handles trades for customers in the company's "Passport Investment Account Program," a purportedly commission-free account.

The suit claims that because the processing fees are much higher than the actual processing costs - making them de facto profit-making commissions - Raymond James deceived customers with its commission-free promise.

In 2016, consumers Caleb Wistar and Ernest Mayeaux filed a similar lawsuit against Raymond Jones, but a class was never certified in their case.

The court consolidated the two cases for settlement purposes, according to the proposed settlement agreement.

Last year, a Florida federal judge denied [Raymond James' motion for summary judgment](#) and [certified a class of nearly 59,000 Raymond James customers](#), rejecting the company's argument that class members couldn't be ascertained without transaction-by-transaction account reviews.

U.S. District Court Judge William P. Dimitrouleas noted when he certified the class last year that Raymond James' contention stems from the fact that not all the class members paid all or part of the processing fee at issue, since some financial advisers agreed to absorb the charge.

Judge Dimitrouleas, taking the advice of counsel for consumer plaintiff Brink, excluded from the class those account holders, who represented only about 2,755 accounts or 4.8 percent of the total.

Judge Dimitrouleas also rebuffed Raymond James' argument that litigating the case as a class wasn't appropriate since account holders' million-plus transactions would need to be combed through individually.

Brink's counsel told the judge that because the company kept its client records on easy-to-sort spreadsheets, a uniform system of calculation could be used to determine the differences between each processing fee charged and the cost to handle the trades - a method that could be applied across the entire class.

The Brink class includes all former and current Raymond James customers in the United States and its territories who were charged fees on the purportedly commission-free accounts between Feb. 17, 2010, and March 31, 2017, according to the settlement agreement.

In the proposed settlement agreement, the parties propose a definition for the Wistar settlement class to include all former and current Raymond James customers in the United States and its territories who were charged fees on the purportedly commission-free accounts between Feb. 11, 2011, and June 30, 2019.

The parties say in their agreement that the \$15 million settlement represents a significant portion of the possible \$30 million to \$40 million in monetary relief that the plaintiffs might have recovered on their "best day in court."

The parties did not immediately respond to requests for comment Wednesday, but said in the proposed settlement that the deal had been reached after "years of hard-fought litigation."

Customers are represented by Darren C. Blum of Blum Law Group, Sara E. Hanley of Hanley Law PA, Eric M. Sodhi and Joshua L. Spont of Sodhi Spont PLLC, Lyle E.

Shapiro of Herskowitz Shapiro PLLC and Manuel A. Garcia-Linares, Gary S. Betensky, Nathaniel M. Edenfield and Mark A. Romance of [Day Pitney](#).

Raymond James is represented by Samuel W. Braver and G. Calvin Hayes of [Buchanan Ingersoll & Rooney PC](#).

The cases are Brink et al. v. Raymond James & Associates Inc., case number [0:15-cv-60334](#), and Wistar et al. v. Raymond James Financial Services, Inc. et al., case number [0:16-cv-60284](#), both in the U.S. District Court for the Southern District of Florida.