



LEARN ABOUT
VERIZON MOBILITY SOLUTIONS >



Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit www.djreprints.com

[See a sample reprint in PDF format.](#)

[Order a reprint of this article now](#)

THE WALL STREET JOURNAL.

WSJ.com

WEALTH MANAGEMENT | March 18, 2013, 6:00 p.m. ET

Morgan Stanley Loses Bonus Claim Against Ex-Broker

By CORRIE DRIEBUSCH

NEW YORK--An arbitration panel has rejected [Morgan Stanley's](#) (MS) \$1.1 million claim against an ex-broker who failed to repay a signing bonus.

Morgan Stanley claimed the broker, Barney Greengrass, owed roughly \$940,550 plus interest because he left the firm before fulfilling the terms of the bonus, according to the ruling from the Financial Industry Regulatory Authority arbitration panel. As is typical, the bonus was given in the form of a loan, or promissory note, to be gradually forgiven over a number of years.

It is unusual for a brokerage to lose a promissory note claim, but Mr. Greengrass charged that Morgan Stanley broke a promise to him when it hired him in 2005. In a counterclaim, he said a branch manager promised him that his big institutional accounts would be provided with the same preferential margin interest rates and margin collateral levels they enjoyed while at his former employer, Smith Barney, according to his lawyer, Ethan Brecher.

When he arrived at Morgan Stanley, however, that was not the case. This upset some of his clients, including his biggest, well-known investor Carl Icahn, who pulled a \$20 million account that had generated \$350,000 in annual production because it was heavily traded, Mr. Brecher said. Some other important clients left, too.

Mr. Greengrass managed about \$325 million in assets with a yearly production of roughly \$2.5 million when he joined Morgan Stanley, his lawyer said. Because of his dissatisfaction with his new employer, he returned to Smith Barney in 2008. Soon after, Morgan Stanley and Smith Barney coincidentally merged operations in a joint venture with Smith Barney's owner, [Citigroup](#). Mr. Greengrass later left to join JP Morgan Securities, where he now works.

Morgan Stanley filed its arbitration claim against Mr. Greengrass in December 2010, and he filed his counterclaim in April 2011, asking for more than \$2 million in damages. The arbitration panel denied both the claim and the counterclaim, lifting Mr. Greengrass's obligation to repay the bonus

but denying him any damages. "We think it's a tremendous victory and vindicates Barney's view" that he was made false promises when moving to Morgan Stanley, according to Mr. Brecher.

The decision was dated March 15 but made public on Monday. As is customary, the panel did not explain its ruling.

A spokeswoman for Morgan Stanley wasn't immediately available for comment.

Write to Corrie Driebusch at corrie.driebusch@dowjones.com

Copyright 2012 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com