

# THE WALL STREET JOURNAL.

## Morgan Stanley Told to Pay More Than \$2.3 Million in Arbitration Case

Firm accused of unauthorized trading and other misdeeds by brokers in Jackson, Miss.-area branch

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The Wall Street Journal

July 28, 2015 5:50 p.m. ET

An arbitration panel ordered [Morgan Stanley](#) to pay more than \$2.3 million to a group of investors for losses tied to alleged unauthorized trading and other misdeeds by brokers in the firm's Jackson, Miss.-area branch.

The six investors had accused the firm and the branch manager, Fred Brister, of failing to supervise brokers Steven Wyatt and Hilary Joseph Zimmerman, who the investors alleged had mismanaged customer accounts and engaged in suspect trading, according to their arbitration claim with the Financial Industry Regulatory Authority. The alleged misconduct occurred over a period of roughly four years starting in 2008, said Joseph Peiffer, a New Orleans-based lawyer representing the investor group.

The arbitration panel awarded the investors a combined \$1.5 million in damages plus interest, along with \$104,000 in punitive damages and more than \$677,000 in legal and other costs, according to the award posted on Finra's website. As is customary, the Finra arbitrators didn't provide details on the reasoning for their decision, which was dated July 24. The investors had sought at least \$4.4 million in damages, plus other amounts.

Asked about the award, a Morgan Stanley spokeswoman said the claimants "were a group of experienced and sophisticated investors who were awarded only a portion of the damages they claimed to have incurred in pursuing an aggressive, growth strategy in their accounts during the 2008 market crash and following volatile time period. Morgan Stanley takes its responsibilities to its customers seriously and respectfully disagrees with the arbitrators' decision."

Messrs. Brister and Zimmerman continue to be employed at Morgan Stanley, according to the company's website and Finra's BrokerCheck website. They were represented by the same lawyers as the firm.

Mr. Wyatt was fired from Morgan Stanley in 2012 for allegedly using unapproved outside investments, according to BrokerCheck; the website doesn't list him as being currently registered with any firm. A lawyer for Mr. Wyatt didn't immediately respond to a request for comment.

Kim Breese, another lawyer representing the investors, said Mr. Wyatt purchased certain thinly traded stocks in his personal account before buying the same stocks in client accounts, generally at higher prices than what he paid. Mr. Wyatt would then sell his shares before selling his clients' shares at a lower price, said Mr. Breese.

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