

FA Suing Edward Jones Hires Giant-Killer Law Firm

By Miriam Rozen May 30, 2018

On May 24, an African-American financial advisor filed a class-action race discrimination lawsuit against **Edward Jones**, his former employer.

Wayne Bland, who filed the lawsuit and worked for Edward Jones for two years, is represented by **Stowell & Friedman**. That law firm previously won more than \$300 million in class action settlements based on discrimination lawsuits it filed against other firms, including wirehouses **Merrill Lynch** and **Wells Fargo**.

The new lawsuit alleges Edward Jones discriminates against African-American financial advisors and trainees by denying them opportunities to participate in programs to develop their careers and client rosters. Specifically, Edward Jones denies them participation in a mentor-assigning program, and another program through which managers transfer client assets from retiring financial advisors to newcomers, the lawsuit alleges. Edward Jones also assigns African-American advisors the task of soliciting business from less-fruitful territories than their non-African-American counterparts, the lawsuit alleges.

Edward Jones denied Bland and other African-Americans “business opportunities and resources regularly given to white FAs at the firm,” the lawsuit states.

Bland, who left Edward Jones in 2016, is also one of four named plaintiffs in another pending proposed class action lawsuit also filed by Stowell & Friedman against Edward Jones. In that lawsuit, Bland and his co-plaintiffs allege Edward Jones violates federal wage and hour laws when it demands trainees who leave or are terminated before a three-year period pay back up to \$75,000 for their training costs.

John Boul, a spokesman for Edward Jones, said he would not provide comment on the discrimination case since the firm’s executives and lawyers have not had time to review the allegations. Boul did, however, email a statement about allegations in Bland’s previous lawsuit — that Edward Jones violated wage and hour laws. In his statement, Boul said: “We believe we have complied with all local, state and federal laws related to compensation and intend to vigorously defend this action.”

Linda Friedman, a partner at Stowell & Friedman who is representing Bland in the discrimination lawsuit and Bland and his three co-plaintiffs in the wage and hour lawsuit, stresses that firms take risks if they discriminate. “I have a business case for diversity. It’s against the law to discriminate,” she says. To the extent that any progress toward halting discrimination has taken place in the financial services industry, it has been because of

class action lawsuits such as the one she filed for Bland and others in his proposed class of plaintiffs, Friedman says.

According to the discrimination lawsuit, Bland, after starting at Edward Jones as a trainee and obtaining his licenses to sell securities, asked “to prospect in an affluent and predominantly white neighborhood.” But Edward Jones, because of “its racial steering practices ... refused Bland’s request and instead assigned a white [financial advisor] with less experience to prospect in the affluent neighborhood,” the lawsuit alleges.

Edward Jones “assigned Bland to prospect in a lower-income neighborhood with a large African-American population,” the lawsuit states. Bland later learned that Edward Jones “knew this assigned territory was not economically viable or capable of sustaining a successful financial advisory business,” and “had closed an office there for that reason,” the lawsuit alleges.

Unlike non-African-American financial advisors, Bland was denied opportunities to join Edward Jones’ programs through which established financial advisors transferred assets to and mentored newcomers, the lawsuit alleges. For some of the time he worked at Edward Jones, Bland was not given office space from which to work — “further hampering his ability to attract clients because he lacked the trappings and legitimacy of a professional office,” the lawsuit states. After he did get an office spot, and a senior financial advisor who managed that office left the firm, Edward Jones assigned the departing financial advisor’s client accounts to a white financial advisor who started training after Bland and “lacked his financial services experience,” the lawsuit alleges.

Although Edward Jones “took little or no interest in Bland’s career or professional development, it assigned him the unpaid role of ‘Diversity Inclusion Specialist’ for his region,” the lawsuit states. “In this role, Bland saw firsthand the firm’s empty lip-service to diversity and its abysmal commitment to equal employment opportunities,” the lawsuit states.

Edward Jones also retaliated and further discriminated against Bland when he reported he had been a target of racially hostile statements, the lawsuit alleges. Bland and other African-American financial advisors were denied “membership in and benefits of favorable teaming relationships due to his race” and “valuable client account transfers and distributions,” the lawsuit states.

According to the lawsuit, just 6% of Edward Jones’ financial advisors are African-Americans, compared to 8% in the profession nationwide. Bland and other African-American advisors at Edward Jones “are paid substantially less than their counterparts who are not African-American,” the lawsuit alleges.

“These disparities result from Edward Jones’s systemic, intentional race discrimination and from policies and practices that serve no reasonable business purpose yet have a disparate impact on African-Americans,” the lawsuit argues.

“Edward Jones maintains stereotypical views about the skills, abilities and potential of African Americans that infect and form the basis of the centralized policies and practices challenged by this lawsuit,” the lawsuit states. “Because of these stereotypical views, African-Americans are significantly underrepresented among Edward Jones’ financial advisors, approximately 94% of whom are white,” the lawsuit alleges. “Although the financial services industry has made some strides in improving the representation of minorities in the workforce, Edward Jones lags well behind the national average,” the lawsuit states.

The discriminatory policies flow from Edward Jones’ headquarters, the lawsuit alleges. “Edward Jones maintains centralized control over its wealth management business from its company headquarters, where an almost exclusively white team of senior executives issues company policies that apply to all FAs,” the lawsuit states.

In Bland’s other pending lawsuit against Edward Jones, he and his three co-named plaintiffs allege the firm failed to compensate its financial advisor-trainees in amounts compliant with the federal Fair Labor Standards Act (FLSA) – amounting to less than the minimum wage. Specifically, the lawsuit alleges Edward Jones underpaid by forcing trainees, as a condition of employment, to enter into agreements that required them to pay as much as \$75,000 in “training costs” if their employment was terminated within three years of their achieving a status of being qualified to sell securities.

Those “training costs ... bear no relation to costs actually incurred by Edward Jones for training,” the lawsuit argues. “Trainees do not receive training commensurate in value to the ‘training costs’ claimed by Edward Jones,” since most of the training is “self-study,” the lawsuit alleges. “Edward Jones knows, but does not inform the [financial advisor] trainees, that most [financial advisor] trainees it hires will fail out of the training program within the time window of the payment obligation,” the lawsuit states.



Edward Jones HQ, St. Louis (pic credit: Jim Wolfe)

In its answer to the wage and hour lawsuit, Edward Jones denies the substantive allegations. The firm also argues as affirmative defense that it did not “require” the trainees to perform the alleged overtime work, which is described in the allegations. Edward Jones “acted at all times in good faith and on the reasonable belief that they had complied fully with the FLSA and every state’s wage and hour laws and had no actual or constructive notice of any alleged violation,” its answer says. Any violation would have been “inadvertent and unintentional,” the answer states.

Edward Jones lacked “actual or constructive knowledge” about the hours that the plaintiffs worked for which they are now claiming they were underpaid, the answer states.

The suit follows a **similar discrimination lawsuit** leveled recently against **JPMorgan Chase**. Earlier this month, **Francis Abanga** filed suit against the firm for racial discrimination after he resigned because his “race/ethnicity/color” allegedly stunted his career growth at the firm, he contends.