

Federal judge orders return to mediation

Denton Record-Chronicle - Friday, September 18, 2009

By Peggy Heinkel-Wolfe / Staff Writer

A federal judge Wednesday ordered two financial advisers to return to mediation after a federal jury awarded \$3.6 million last week to a Dallas financial adviser who claimed another financial services provider interfered with his business at the University of North Texas and other Texas universities.

Terry Hill, owner of Institutional Securities Corp., and his business associates, Steve Garvin and Mickey Lea, sued Thomas Anderson, A.J. Walker, Retirement System Distributors Inc. and RSGroup Trust Co. after a dispute arose between them in 2007.

Magistrate Judge Don Bush presided over the case in the U.S. District Court for the Eastern District of Texas.

According to court documents, Hill started his securities business to provide investment options that appealed to sophisticated investors. Over a period of more than 20 years, he built up a large clientele, including faculty members at Texas universities.

When the primary custodian for the firm's university retirement accounts, Maine-chartered Quads Trust Co., changed management, financial problems emerged, and Hill's company and Quads severed ties. But Hill's new custodian was unable to disentangle many clients from Quads, which released Hill's client information to outside brokers, according to court documents.

Hill claimed that Anderson, Walker, RSDI and RSGroup defamed him and cost him business, a claim they all denied. They filed a counterclaim that Hill and Garvin defamed them, but that claim was dismissed before the trial.

"It was as complicated a case as I've ever tried," said Jeff Springer, Hill's attorney.

Christopher Freeman, attorney for the defendants, said that the matter is on appeal.

The judgment is not final, he said, but he would not comment further.

According to Springer, witnesses testified that 90 percent of Hill's clients had completed paperwork to transfer their retirement account to the new custodian.

But the transfers, which normally take a few weeks, were never completed.

Several witnesses testified that three years later, some retirement accounts still have not been transferred.

UNT finance faculty member James Conover, who also serves as secretary to the faculty senate, said he was unaware of the trouble but has seen the faculty's investment choices dwindle over the years.

Because it takes 10 years to be vested in the state's retirement system, faculty members, particularly younger ones, may not want to take a chance on investing their retirement dollars with the state.

“With the other system, you’re vested after one year,” Conover said.

“Very few faculty make tenure at the first institution they’re hired.”

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