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11 AMERIPRISE FINANCIAL SERVICES,
LLC

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14 **UNITED STATES DISTRICT COURT**
15 **SOUTHERN DISTRICT OF CALIFORNIA**

16
17 AMERIPRISE FINANCIAL
SERVICES, LLC,
18
Plaintiff,
19
v.
20 LPL FINANCIAL, LLC,
21
Defendant.

Case No.
**COMPLAINT BY AMERIPRISE
FINANCIAL SERVICES, LLC**

22
23
24 Plaintiff Ameriprise Financial Services, LLC (hereinafter “Ameriprise” or
25 “Plaintiff”), brings this complaint seeking injunctive relief to preserve the *status quo*
26 *ante* pending arbitration against LPL Financial LLC (hereinafter “Defendant” or
27 “LPL”).

28 ///

1 **I. NATURE OF THE ACTION**

2 1. Defendant LPL is engaged in the widespread pattern and practice of
3 harvesting and misappropriating Ameriprise’s private, confidential client
4 information and trade secrets (“Ameriprise Confidential Information”) in connection
5 with its unfair competition within the financial industry. Specifically, Defendant
6 LPL utilizes its financial advisor recruits from Ameriprise to collect, retain, and
7 provide to LPL Ameriprise Confidential Information for LPL’s pecuniary benefit.
8 By doing so, Defendant LPL violates: (i) the Defend Trade Secrets Act (18 U.S.C. §
9 1836, *et seq.*) (“DTSA”); (ii) rules and regulations promulgated by the Securities
10 and Exchange Commission (“SEC”) and Financial Industry Regulatory Authority
11 (“FINRA”); and (iii) an industry agreement known as “the Protocol for Broker
12 Recruiting” (the “Protocol”), among other federal and state Laws and industry rules
13 and regulations. Defendant LPL’s conduct abandons all reasonable notions of client
14 privacy rights and subjects the advisors it recruits to regulatory, and in some cases
15 even criminal, exposure.

16 2. Ameriprise, therefore, seeks a preliminary injunction to enjoin
17 Defendant LPL from retaining, using, disclosing, or transmitting for any purpose,
18 including the solicitation or conducting of business with current, former, or
19 prospective Ameriprise clients (“Ameriprise clients”), such information contained in
20 the records of Ameriprise, or other information pertaining to Ameriprise clients that
21 it improperly obtained, including, but not limited to, the sensitive and protectable
22 personal data and financial information of the clients and, further, to prevent
23 Defendant LPL from destroying, erasing or otherwise making unavailable for
24 further proceedings in this matter any such documents and/or data.¹ LPL’s

25 _____
26 ¹ Ameriprise and Defendant LPL are both FINRA “Members” and, therefore, are
27 bound to arbitrate Ameriprise’s claim for damages and permanent injunctive relief
28 regarding LPL’s misconduct before FINRA Dispute Resolution. However, FINRA
Rule 13804 expressly permits Ameriprise to seek temporary injunctive relief from

1 continued retention, use, and disclosure of the Ameriprise Confidential Information
2 violates the DTSA, the Protocol, and various rules and regulations enacted by the
3 SEC and FINRA.

4 **II. THE PARTIES**

5 3. Plaintiff Ameriprise is a national broker dealer, a leader in the financial
6 planning and wealth management industry, and FINRA member. Ameriprise is
7 registered with the SEC, all fifty states, and Puerto Rico.

8 4. Defendant LPL is the country's largest independent broker dealer.
9 Defendant is registered with the SEC, FINRA, all fifty states, and Puerto Rico.
10 Defendant affiliates with more than 21,000 financial advisors nationwide.

11 5. Ameriprise is a limited liability company,² and as such its citizenship is
12 determined by the citizenship of its members. Ameriprise is organized under the
13 laws of Delaware and headquartered in Minneapolis, Minnesota. Ameriprise is
14 licensed to do business in California.

15 6. Ameriprise's sole member is AMPF Holding Corporation, a
16 corporation organized under the laws of Michigan and whose principal place of
17 business is Minnesota. For the purposes of Diversity Jurisdiction, Ameriprise is a
18 citizen of Michigan and Minnesota.

19 7. Defendant LPL is a South Carolina limited liability company formed in
20 California. LPL's sole member, LPL Holdings, Inc., is a Massachusetts citizen
21 because it is a Massachusetts corporation with its principal place of business in
22 Massachusetts. Therefore, for the purposes of Diversity Jurisdiction, LPL is a citizen
23 of Massachusetts. Importantly, LPL itself is headquartered at 4707 Executive Drive,

24 _____
25 this Court to preserve the *status quo ante* in advance of the impending arbitration
26 matter. In accordance with FINRA Rule 13804, Ameriprise simultaneously filed a
27 Statement of Claim in FINRA, attached as **Exhibit A**. Ameriprise is filing a Motion
28 for Preliminary Injunction and is seeking expedited discovery in support of its
motion.

² Ameriprise was formerly known as Ameriprise Financial Services, Inc.

1 San Diego, California 92121, and is therefore also a citizen of California.

2 **III. JURISDICTION AND VENUE**

3 8. This Court has Diversity Jurisdiction over this action pursuant to 28
4 U.S.C. § 1332 because the parties are diverse and the matter in controversy exceeds
5 the sum or value of \$75,000.00, exclusive of interest and costs. LPL’s misconduct
6 threatens the unauthorized disclosure of confidential information belonging to
7 Ameriprise customers, who have rights to confidentiality under applicable laws and
8 regulations.

9 9. The Court also has jurisdiction over this action pursuant to 28 U.S.C. §
10 1331, as Ameriprise raises a Federal Question under the Defend Trade Secrets Act
11 of 2016, 18 U.S.C. § 1836 *et seq.* (“DTSA”).

12 10. The Court has supplemental jurisdiction over Ameriprise’s other claims
13 pursuant to 28 U.S.C. § 1367.

14 11. Venue is proper in this judicial district under 28 U.S.C. § 1391(b)(2)
15 and (3) and because a substantial part of the events or omissions giving rise to the
16 claim occurred in this judicial district and LPL is subject to the court’s personal
17 jurisdiction with respect to this action.

18 **IV. STATEMENT OF OPERATIVE FACTS**

19 **a. Applicable Industry Rules and Regulations**

20 12. Ameriprise and LPL both operate in an industry that is heavily
21 regulated by the SEC, FINRA, and state and insurance regulators. Like all financial
22 services firms, Ameriprise and LPL are subject to myriad state and federal securities
23 laws and regulations.

24 13. In the financial services industry, the protection of client information is
25 heavily regulated.

26 14. For example, the Gramm-Leach-Bliley Act (“GLBA”) governs the
27 treatment of nonpublic personal information about consumers by financial
28

1 institutions.³ The GLBA prohibits a financial institution from disclosing nonpublic
2 personal information about a consumer to nonaffiliated third parties, unless (i) the
3 institution satisfies various notice and opt-out requirements, and (ii) the consumer
4 has not elected to opt out of the disclosure. *Id.* Additionally, it mandates that
5 financial service firms provide notice of its privacy policies and practices to its
6 customers. *Id.*

7 15. Further, 17 C.F.R. § 248.1 *et seq.*—also known as the SEC’s
8 “Regulation S-P”—mandates that broker-dealers:

9 [M]ust adopt written policies and procedures that address
10 administrative, technical, and physical safeguards for the
11 protection of customer records and information. These
12 written policies and procedures must be reasonably
13 designed to: (1) Insure the security and confidentiality of
14 customer records and information; (2) Protect against any
15 anticipated threats or hazards to the security or integrity of
16 customer records and information; and (3) Protect against
17 unauthorized access to or use of customer records or
information that could result in substantial harm or
inconvenience to any customer.

18 17 C.F.R. § 248.30.

19 16. The SEC takes the position that once a registered representative
20 terminates his or her affiliation with a firm, the representative’s use of customer
21 information for any purpose without the customer’s express prior consent is a
22 violation of Regulation S-P, which may subject the representative to disciplinary
23 action. See, e.g., U.S. Securities And Exchange Commission, SEC Charges
24 Brokerage Executives With Failing to Protect Confidential Customer Information
25

26 ³ See FDIC Consumer Compliance Examination Manual, *Section VIII-1.1 (Gramm-*
27 *Leach-Bliley Act (Privacy of Consumer Financial Information))*, (Apr. 2021),
28 <https://www.fdic.gov/resources/supervision-and-examinations/consumer-compliance-examination-manual/documents/8/viii-1-1.pdf>.

1 (April 7, 2011), <https://www.sec.gov/news/press/2011/2011-86.htm>; Office Of
2 Compliance Inspections And Examinations, Investment Adviser and Broker-Dealer
3 Compliance Issues Related to Regulation SP – Privacy Notices and Safeguard
4 Policies (April 16, 2019), [https://www.sec.gov/files/OCIE%20Risk%20Alert%20-
5 %20Regulation%20S-P.pdf](https://www.sec.gov/files/OCIE%20Risk%20Alert%20-%20Regulation%20S-P.pdf).⁴

6 17. Moreover, businesses like LPL must abide by relevant state laws
7 relating to the safeguarding of client data. For example, the California Privacy
8 Rights Act (“CPRA”) recently clarified and expanded the California Consumer
9 Privacy Act (“CCPA”) which now provides the rights of consumers to “opt-out” of
10 the sharing of their personal information to a third party, like LPL in this case,
11 without their consent. These laws, and similar laws in other states in which LPL
12 does business, create and impose additional requirements related to data retention,
13 data minimization, and purpose limitation, all for the intended goal of protecting
14 consumers’ information from being disclosed to third parties. This is a goal that LPL
15 clearly ignores.

16 18. Ameriprise takes its obligations under Regulation S-P, GLBA, other
17 industry rules and regulations, and related state and federal client privacy laws
18 seriously, putting in place a variety of safeguards to protect client privacy and
19 security. Ameriprise expects its financial advisors to comply with these
20 requirements and includes strong privacy commitments in its agreements with
21 financial advisors; the facts suggest that LPL does not share Ameriprise’s
22 commitment to safeguarding confidential client information.

23 _____
24 ⁴ See also *In re Next Financial Group*, 2008 WL 2440339 (June 18, 2008)
25 (sanctioning firm on allegations it “willfully violated Regulation S-P, 17 C.F.R. Part
26 248, by disclosing nonpublic personal information about its customers to
27 nonaffiliated third parties without notice or a reasonable opportunity to opt out of
28 such disclosure, by allowing registered representatives to disseminate customer
nonpublic personal information to other brokerage firms when leaving NEXT, and
by failing to safeguard customer records and information.”).

1 **b. Ameriprise’s Confidential Information and Trade Secrets**

2 19. Ameriprise invests substantial time, money, and goodwill, to acquire,
3 develop, maintain, and protect its clients. For example, Ameriprise spends
4 substantial resources in gaining knowledge about its clients and protecting the
5 privacy of such information.

6 20. Beyond the applicable laws, rules, and regulations, the component of
7 trust is highly important to the relationship between a financial firm and its clients.

8 21. Ameriprise employs reasonable efforts to maintain its confidential and
9 proprietary information, including, but not limited to, its client records and
10 information.

11 22. To protect its confidential information, trade secrets, and client
12 relationships, Ameriprise: (i) restricts access to those persons and/or affiliates whose
13 affiliations with Ameriprise require them to refer to the confidential information; (ii)
14 requires authorized persons to use a secure password to access their computer
15 terminals and the firm’s intranet; (iii) provides constant reminders about the
16 confidential nature of the information contained in the records and the need to
17 protect it; (iv) routinely ensures employees and other authorized persons are made
18 aware of, and know, that they must maintain the strict confidentiality of client
19 information; (v) maintains a detailed privacy policy; and (vi) includes robust
20 confidentiality provisions and appropriate restrictive covenants in its agreements
21 with financial advisors, among other protective measures.

22 23. In sum, Ameriprise employs a comprehensive framework to protect
23 client privacy and Ameriprise’s Confidential Information and to comply with state
24 and federal securities rules and regulations.

25 **c. The Protocol for Broker Recruiting**

26 24. The Protocol for Broker Recruiting (again, the “Protocol”) is a
27 litigation forbearance agreement specific to the financial industry which governs the
28

1 conduct of an advisor transitioning between two Protocol-signatory firms.⁵ A copy
2 of the Protocol is attached as **Exhibit B**.⁶

3 25. Both Ameriprise and Defendant LPL are signatories to the Protocol.

4 26. The Protocol permits an advisor to take only a list of the clients for
5 whom they are the registered representative of record along with limited contact
6 information as long as this is the only information they take (often called the
7 “Protocol List”). The Protocol expressly prohibits advisors “from taking any other
8 documents or information.” **Exhibit B**.

9 27. However, when a transitioning advisor fails to comply with the
10 requirements of the Protocol, the advisor can no longer claim the protections of the
11 Protocol and the terms of the contractual agreements between the advisor and their
12 former firm apply. *See Exhibit B*. Therefore, the violations of the Protocol render
13 the taking and retention of the relevant client information a misappropriation.

14 28. Similarly, once an advisor joining LPL has violated the Protocol, LPL
15 cannot claim its protections either.

16 29. To comport with the strictures of the Protocol, an advisor resigning
17 from a Protocol firm may bring to his or her new Protocol firm only the following
18 information: client name, address, phone number, email address, and account title.

19 30. LPL encourages the advisors it recruits from Ameriprise, and from
20

21 ⁵ *See J.P. Morgan Sec. LLC v. Shields*, No. 118CV02788SEBMJD, 2018 WL
22 11456636, at *6 (S.D. Ind. Dec. 10, 2018) (“The Protocol absolves brokers who
23 move from one signatory firm to another from liability for appropriation of certain
24 former client information and former client solicitation, subject to the broker's
25 compliance with the Protocol.”); *Credit Suisse Sec. (USA) LLC v. Lee*, No. 11 CIV.
26 08566 RJH, 2011 WL 6153108, at *3 (S.D.N.Y. Dec. 9, 2011) (“[T]he Protocol for
27 Broker Recruiting (the “Protocol”), which sets forth certain rules and privileges in
28 situations, like this one, involving brokers (otherwise known as Registered
Representatives, or “RRs”) who move from one firm to another.”).

⁶ The SEC has not indicated that the Protocol creates any issues relating to regulatory statutes.

1 other companies as well across the financial industry, to violate the terms of the
2 Protocol in order to rapidly and unfairly transition business from Ameriprise to LPL.
3 This results in LPL obtaining and using the confidential information of the
4 Ameriprise Clients, many of whom never end up doing business with LPL.

5 **d. Defendant LPL’s Continuous and Ongoing Improper Conduct**

6 31. LPL knows, or reasonably should know, that Ameriprise includes
7 robust confidentiality provisions and restrictive covenants in its agreements with
8 financial advisors to protect Ameriprise confidential information and client privacy.

9 32. Similarly, LPL knows, or reasonably should know, of the laws and
10 regulations governing treatment of confidential information in the financial industry
11 and beyond.

12 33. Nevertheless, LPL encourages and advises registered representatives
13 affiliated and/or employed by Ameriprise to violate those provisions in their
14 agreements as well as the statutes and industry rules and regulations described above
15 by retaining Ameriprise Confidential Information well beyond what is permissible
16 pursuant to the Protocol when transitioning to LPL and to then utilize that
17 Ameriprise Confidential Information to solicit Ameriprise clients in further violation
18 of the recruits’ contractual obligations to Ameriprise.

19 34. LPL encourages and instructs Ameriprise recruits to harvest
20 confidential client information from Ameriprise’s systems to turn over to LPL
21 shortly after affiliating with LPL, and in the past has provided recruits with the tools
22 and instructions to do so. One such tool is a “bulk upload spreadsheet,” which LPL
23 has encouraged Ameriprise recruits to fill with information that they are not
24 otherwise allowed to retain, and bring that information to LPL for LPL’s benefit.

25 35. Previously, LPL has indicated that it stopped this process; however,
26 Ameriprise recently uncovered that LPL is presently engaged in a similar scheme to
27 subvert the Protocol.

28 36. LPL specifically has requested that the recruited advisors make bulk

1 uploads of spreadsheets and has provided instructions related to mining and
2 gathering that information from Ameriprise’s systems to be used by LPL to
3 prepopulate forms and open accounts.

4 37. The language of the Protocol is clear: client name, address, phone
5 number, email address, and account title are the only types of information an advisor
6 may bring from one Protocol firm to another.

7 38. However, Ameriprise has discovered that LPL has instructed recruits to
8 bring—and those recruits have indeed brought to LPL—the following categories of
9 trade secret information, both for clients they service and individuals they never
10 serviced but only learned about through their affiliation with Ameriprise: contact
11 information, social security numbers, account numbers, account information, routing
12 numbers, client dates of birth, client ID numbers, account values, securities values,
13 funds available, Money Market balance, Margin Available, Product Class, Plan ID,
14 and positions held.

15 39. This far exceeds the limited types and nature of information that LPL
16 has agreed—by becoming a signatory to the Protocol—that advisors can bring with
17 them from another Protocol firm.

18 40. Moreover, LPL encourages recruits to provide LPL the harvested
19 Ameriprise Confidential Information immediately upon affiliation with LPL and in
20 at least one case even engaged in a workaround to allow this to happen before the
21 advisor’s license transferred to LPL. Within short order following the recruits’
22 respective transitions to LPL, LPL would upload the improperly obtained
23 Ameriprise Confidential Information to LPL’s systems. In some cases, recruited
24 advisors took and placed this sensitive information on unsecure and unsupervised
25 networks.

26 41. Upon information and belief, this is the case for many former
27 Ameriprise advisors who have moved to LPL, as well as countless advisors LPL
28 recruits from other companies in the industry. LPL’s disregard of applicable rules

1 and protocols continues to this day.

2 42. LPL utilizes the Ameriprise Confidential Information to streamline its
3 solicitation and transfer of Ameriprise clients.

4 43. LPL and its recruits do not obtain, and in many cases do not even
5 attempt to obtain, consent from Ameriprise or the clients to retain the Ameriprise
6 Confidential Information.

7 44. Similarly, LPL makes no effort to verify whether recruits provide
8 clients the opportunity to opt out or consent to sharing their private and confidential
9 data with LPL.

10 45. Upon information and belief, LPL still retains misappropriated
11 Ameriprise Confidential Information for Ameriprise clients who never even
12 transitioned to LPL.

13 46. In furtherance of its scheme, LPL also falsely misrepresents to its
14 recruits that, on average, it facilitates the transfer of over 90% of the assets any
15 given advisor services in that same time frame. Essentially, LPL uses incorrect and
16 inflated statistical information to entreat advisors to misappropriate confidential
17 client information on behalf of LPL in furtherance of moving the business they
18 service to LPL, for LPL's benefit.

19 47. In 2024 alone, year-to-date, LPL has added nearly 800 registered
20 representatives industry-wide, a small percentage of which have come from
21 Ameriprise. However, a large percentage of those registered representatives who
22 have left Ameriprise to go to LPL have engaged in similar misconduct. Recently,
23 Ameriprise has uncovered a pattern of continued misappropriation by LPL and the
24 majority of these LPL recruits—LPL encourages the individual representatives to
25 abscond with substantial client documents and confidential client information well
26 beyond that permitted under the Protocol and bring those same documents and the
27 information they contain to LPL, so LPL can benefit from the assets that transfer.

28 48. In February of this year, LPL had an advisor abscond with detailed,

1 confidential client information for clients recently assigned to them pursuant to a
2 “Sunset Agreement” (a standard term for a retirement agreement in the industry by
3 which a new advisor services clients belonging to a retiring advisor). Information
4 relating to such clients is *expressly* excluded by the Protocol. LPL and the advisor
5 utilized the misappropriated confidential information to solicit the clients.

6 49. In another example from February of this year, LPL had a different
7 advisor abscond with detailed, confidential client information for their *teammates*’
8 (who remained at Ameriprise) clients. Again, LPL and the advisor utilized the
9 misappropriated confidential information to solicit the clients.

10 50. In April of this year, LPL had a team of advisors take bankers boxes
11 full of confidential documents off of the Ameriprise premises immediately prior to
12 their transition which they utilized to solicit clients prior to even resigning from
13 Ameriprise to get a jump-start on their transition to LPL. One Ameriprise Client
14 even complained they had received a plain, unmarked envelope filled with detailed,
15 unredacted, highly confidential personally identifiable information such as social
16 security numbers from the McCanns. Ameriprise brought an action in the Eastern
17 District of Michigan to enjoin the former advisors as well as LPL. *See Ameriprise*
18 *Fin. Servs. v. McCann, et al.*, Case No. 2:24-cv-11471-BRM-KGA, (E.D. Mich.
19 June 4, 2024) (“*McCann*”). Of course, the federal court in that case enjoined the
20 advisors and LPL. See *id.*, ECF No. 22 (Order Granting Motion for TRO).

21 51. In May of this year, LPL had an advisor send detailed, confidential
22 client information to an unregistered third-party prior to the advisor’s departure
23 from Ameriprise (including client name, address, phone numbers, email addresses,
24 account record type (i.e. client or prospect), account number, account names,
25 account type, funds available, cash balances, money market account balances,
26 margin balances, product class, representative codes, and plan identification codes)
27 for *hundreds* of Ameriprise Clients. That third-party is now affiliated with LPL.
28 LPL and the advisor utilized the misappropriated confidential information to solicit

1 the clients.

2 52. Intentional mass misappropriation is LPL’s pattern and practice across
3 the country. It must be enjoined.

4 53. LPL’s misconduct is not limited to Ameriprise Recruits. Just like the
5 above examples—and likely countless other matters—an advisor LPL recruited
6 improperly retained and transmitted confidential information in Florida in 2022. The
7 advisor faced criminal charges along with regulatory sanctions for conduct nearly
8 identical to the conduct described above with respect to Ameriprise Recruits.
9 Allegedly, prior to his departure from his former company, that advisor emailed a
10 spreadsheet containing the names, addresses, social security numbers, and birthdates
11 of customers, including ones that he did not serve, to his wife and then to a contact
12 he expected to work with at LPL.⁷

13 54. FINRA has sanctioned firms that cause or encourage violations of
14 Regulation S-P when they recruit competitor’s advisors to join their firm. Other
15 examples include FINRA’s fine of Kestra Investment Services LLC (“Kestra”) in
16 2020 when it found that Kestra provided its recruits with customized spreadsheets
17 with particular data fields for the brokers to fill in before they transferred to Kestra.
18 The Letter Of Acceptance, Waiver And Consent (“AWC”) states that Kestra
19 employees specifically assisted many of the brokers in completing these
20 spreadsheets with personal customer data before the brokers were hired by Kestra.
21 *See* attached as **Exhibit C**. Ameriprise makes the same allegation as LPL here.

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23 ⁷ *See* Karmen Alexander, *Ex-Broker Drew Finra Sanctions, Felony Charges for*
24 *Taking Client Info in Move to LPL*, Advisorhub.com (June 20, 2024), available at
25 https://www.advisorhub.com/ex-broker-drew-finra-sanctions-felony-charges-for-taking-client-info-in-move-to-lpl/?utm_medium=email&utm_campaign=NL%206AM%20620&utm_content=NL%206AM%20620+CID_bcd685b182f791da08c2b8d918e22353&utm_source=CampaignMonitor&utm_term=Ex-Broker%20Drew%20Finra%20Sanctions%20Felony%20Charges%20for%20Taking%20Client%20Info%20in%20Move%20to%20LPL.

1 55. As stated above, this is an industry-wide unfair scheme by LPL. By
2 way of another example, Morgan Stanley brought an action against a former
3 employee who affiliated with LPL for similar egregious violations related to
4 misappropriation of trade secrets. *See Morgan Stanley Smith Barney LLC v. Lonnie*
5 *Friedman*, Case No. 1:23-cv-00413-JPW (M.D. P.A. Mar. 9, 2023). In that case,
6 Morgan Stanley submitted sworn testimony to the court that the recruit had bragged
7 about taking screenshots of client information to be used in connection with his
8 move to LPL. *See id.*, ECF No. 4-3, at para 4, attached as **Exhibit D**. The affidavit
9 also states that customers in that case reported receiving account-opening documents
10 with LPL account numbers for them even though they had not yet opened accounts
11 at LPL. *See id.* at para 6. The obvious conclusion is that LPL obtained information it
12 was not allowed to have from its recruit, and at its direction.

13 56. The above examples of the advisors who faced felony charges and who
14 left Morgan Stanley are purely illustrative; Ameriprise only seeks to redress
15 misconduct that it has suffered—and continues to suffer—at the hands of LPL.

16 57. In addition, if granted, Expedited Discovery will reveal that LPL
17 provides encouragement, inducement, and/or instructions to recruits to take
18 Ameriprise Confidential Information, including client confidential information, and
19 bring it to LPL when the Ameriprise advisor affiliates with LPL.

20 58. In so doing, LPL encourages Ameriprise advisors to improperly take
21 and retain confidential client information, in violation of their contractual
22 obligations to Ameriprise as well as state and federal laws and SEC and FINRA
23 Rules, and then to use that information to contact clients and solicit them to move
24 their accounts to LPL, in further violation of their agreements.

25 59. Discovery will also reveal that, in some cases, the LPL recruits provide
26 the Ameriprise Confidential Information to LPL prior to their affiliation with LPL.

27 60. Through its scheme, LPL has stolen and continued to steal extensive
28 confidential documents, confidential information, and trade secrets regarding

1 Ameriprise Clients, including, for example: contact information, social security
2 numbers, account numbers, account information, routing numbers, client dates of
3 birth, client ID numbers, account values, securities values, funds available, Money
4 Market balance, Margin Available, Product Class, Plan ID, and positions held.

5 61. LPL is aware that this confidential information holds enormous
6 economic value; indeed, LPL capitalizes on such economic value and receives a
7 substantial windfall attributable to the theft of Ameriprise Confidential Information.

8 62. By misappropriating the Ameriprise Confidential Information without
9 the clients' and Ameriprise's consent, LPL continues to flagrantly violate the
10 DTSA, engage in unfair competition, tortiously interfere with Ameriprise's business
11 relations, and falsely advertise their fraudulent successes in order to attract more
12 advisors and perpetuate their scheme, all the while placing those very same advisors
13 at risk along with the confidential and trade secret client information.

14 **CAUSES OF ACTION**

15 **COUNT I**

16 **APPLICATION FOR INJUNCTIVE RELIEF**

17 63. The allegations of Paragraphs 1 through 60 are incorporated by
18 reference herein with the same force and effect as if set forth in full below.

19 64. By virtue of the foregoing, Ameriprise has demonstrated a sufficient
20 likelihood of success on the merits, and that a balancing of the equities favors the
21 issuance of an injunction against LPL.

22 65. Unless LPL is enjoined from retaining and using Ameriprise's
23 confidential and trade secret information, Ameriprise will continue to be irreparably
24 harmed by: (a) disclosure and misuse of trade secrets, client lists, and/or other
25 confidential information that are solely the property of Ameriprise and its clients;
26 (b) loss of confidentiality of the information contained in clients' records, loss of
27 confidentiality of clients' financial dealings, loss of confidence and trust of clients,
28 loss of goodwill, and loss of business reputation; (c) damage to office stability, and a

1 threat to the enforcement of reasonable contracts; and (d) present economic loss,
2 which is unascertainable at this time, and future economic loss, which is presently
3 incalculable.

4 66. Ameriprise otherwise has no adequate remedies at law. During the
5 pendency of the underlying FINRA arbitration, which will take well over a year to
6 resolve, and in the absence of injunctive relief, LPL and its registered
7 representatives will still be in possession of Ameriprise client information and will
8 continue to use and disclose it. Monetary damages are not sufficient to address this
9 continuing irreparable harm, and therefore an injunction is necessary to provide a
10 more complete solution.

11 67. Accordingly, Ameriprise seeks injunctive relief requiring LPL to (1)
12 identify (a) all information obtained by LPL from an Ameriprise recruit relating to
13 an individual that did not become a client of LPL, (b) all Ameriprise recruits with
14 whom LPL discussed the collection and retention of client information not
15 contemplated by the Protocol, and (c) any personal devices used by those recruits to
16 store or transfer such information; and (2) to return all such information to
17 Ameriprise and have it permanently deleted from LPL's systems and the electronic
18 devices identified in 1(b) above.

19 **COUNT II**

20 **BREACH OF CONTRACT – PROTOCOL FOR BROKER**

21 **RECRUITING**

22 68. The allegations of Paragraphs 1 through 60 are incorporated by
23 reference herein with the same force and effect as if set forth in full below.

24 69. The Protocol is a forbearance agreement to which both Ameriprise and
25 LPL are signatories, and therefore parties to and beneficiaries of the agreement.

26 70. Accordingly, the Protocol constitutes an existing and valid contract.

27 71. The Protocol is an agreement among more than 2,000 firms in the
28 financial industry. One of the chief stated goals of the Protocol is “to further the

1 clients' interests of privacy and freedom of choice in connection with the movement
2 of their Registered Representatives ('RRs') between firms." *See Exhibit B.*

3 72. LPL is benefitting from their participation in the Protocol, but abusing
4 and violating the agreement to generate an unfair advantage over other Protocol-
5 signatory firms that follow the rules.

6 73. Ameriprise performs as required under that contract—LPL does not.

7 74. LPL does not perform as required under the Protocol by taking
8 categories of information beyond the permissible bounds.

9 75. LPL's deviation from the Protocol is not excused.

10 76. LPL's breach of the Protocol continues to harm Ameriprise and is a
11 substantial factor in causing Ameriprise's harm

12 77. LPL's misconduct constitutes continued breaches of contract.

13 78. LPL's breaches of the Protocol result in damages to Ameriprise.

14 **COUNT III**

15 **MISAPPROPRIATION OF TRADE SECRETS**

16 79. The allegations of Paragraphs 1 through 60 are incorporated by
17 reference herein with the same force and effect as if set forth in full below.

18 80. The above-alleged facts constitute actual and threatened
19 misappropriation of trade secrets by LPL under the Defend Trade Secrets Act (18
20 U.S.C. § 1836, *et seq.*).

21 81. Ameriprise's trade secret client information is financial, business, and
22 economic, Ameriprise takes reasonable steps to protect it, and it derives value from
23 its secrecy as it is not generally known by third parties, and is not readily
24 ascertainable by proper means by third parties.

25 82. Ameriprise derives significant economic and competitive advantage in
26 the financial services industry from maintaining the secrecy and confidentiality of
27 its trade secret client information.

28 83. Ameriprise's trade secret client information, including the names,

1 contact information, dates of birth, social security numbers, employment
2 information, advisory fees, account information, annual income, net worth, liquid
3 net worth, approximate account value, expected account value, investment
4 objectives, employer name and contact information, source of client wealth and
5 income, tax bracket, investment time horizon, liquidity needs, investment
6 experience, and beneficiary information, and other information relating or belonging
7 to Ameriprise’s clients, is subject to reasonable efforts by Ameriprise to maintain its
8 secrecy, and Ameriprise’s employees and affiliates are required to maintain the
9 secrecy and/or confidentiality of that information.

10 84. In addition, the names, addresses and contact information of
11 Ameriprise clients are protected from disclosure as personally identifiable
12 information under the Gramm-Leach-Bliley Act and its implementing federal
13 regulations, commonly referred to as Regulation S-P. *See* 17 C.F.R. § 248. Even the
14 fact that an individual is a client of a specific financial institution – here Ameriprise
15 – is protected from disclosure under Regulation S-P. 17 C.F.R. § 248.3. These
16 federal regulations underscore the highly confidential nature of financial services
17 client information.

18 85. LPL has improperly and without authorization misappropriated,
19 retained, used, and disclosed Ameriprise’s trade secrets, including Ameriprise’s
20 confidential client information. Upon information and belief, it has done so for the
21 purposes of transferring the accounts of clients from Ameriprise to LPL.

22 86. LPL’s continued retention, use, and disclosure of Ameriprise’s trade
23 secret client information, as alleged herein, constitutes actual and threatened
24 misappropriation of trade secrets pursuant to the DTSA and is willful and malicious.

25 87. Because LPL’s unlawful conduct is ongoing, Ameriprise faces an
26 immediate threat of continuing irreparable harm, for which Ameriprise lacks any
27 adequate remedies at law.

28 88. The DTSA permits a court to enjoin “any actual or threatened

1 misappropriation.”18 U.S.C. § 1836(b)(3)(A)(i).

2 89. Unless LPL is enjoined from the foregoing conduct, Ameriprise will be
3 irreparably harmed by: (a) disclosure of Ameriprise’s trade secret client information,
4 and other confidential account information that is solely the property of Ameriprise;
5 (b) loss of goodwill; and (c) present economic loss, which is unascertainable at this
6 time, and future economic loss, which is presently incalculable.

7 **COUNT IV**

8 **TORTIOUS INTERFERENCE**

9 90. The allegations of Paragraphs 1 through 60 are incorporated by
10 reference herein with the same force and effect as if set forth in full below.

11 91. Ameriprise develops and maintains advantageous actual and
12 prospective business relationships and business expectancies with respect to its
13 employees, affiliates, and clients, which promise a continuing probability of future
14 economic benefit to Ameriprise.

15 92. The business relationships Ameriprise develops and maintains with its
16 employees and affiliates necessitate restrictive covenants including confidentiality
17 obligations.

18 93. LPL knows about Ameriprise’s advantageous actual and prospective
19 business relationships and business expectancies with respect to its employees and
20 affiliates and clients.

21 94. LPL intentionally interfered with, and continues to interfere with,
22 Ameriprise’s business relationships and business expectancies with respect to its
23 employees, affiliates, and clients by, among other things, directly and/or indirectly
24 inducing Ameriprise’s employees and affiliates to sever their relationships with
25 Ameriprise and violate their agreements and the Protocol in the process, resulting in
26 a misappropriation of trade secrets to LPL’s benefit.

27 95. There is no privilege or justification for LPL’s conduct. On the
28 contrary, LPL is interfering with Ameriprise’s business relationships and

1 expectancies by improper means.

2 96. As a direct and proximate result LPL’s tortious interference with
3 Ameriprise’s actual and prospective business relationships and expectancies,
4 Ameriprise has sustained and will continue to sustain irreparable injury, the
5 damages from which cannot now be calculated and for which there is no adequate
6 remedy at law. Accordingly, Ameriprise is entitled to injunctive relief and damages
7 to be determined at final hearing.

8 **COUNT V**

9 **UNFAIR COMPETITION**

10 97. The allegations of Paragraphs 1 through 60 are incorporated by
11 reference herein with the same force and effect as if set forth in full below.

12 98. LPL’s conduct as set forth above and incorporated herein is unlawful,
13 unfair and deceptive, and it constitutes unfair competition.

14 99. LPL is—and always has been—fully aware, or should have been
15 aware, that the misconduct they engaged in would cause Ameriprise to lose clients
16 that it expended great deals of time, effort, and money to develop, whose
17 information LPL would never otherwise obtain, and who LPL would not had an
18 opportunity to advise had LPL not encouraged such egregious violations of the
19 Protocol and relevant agreements and industry standards.

20 100. LPL’s business practices violate federal law and regulations, including
21 but not limited to the DTSA , the Protocol, and various rules and regulations enacted
22 by the SEC and FINRA, for which this Court should issue declaratory and other
23 equitable relief.

24 101. As a direct and proximate result of LPL’s unfair competition,
25 Ameriprise sustained and will continue to sustain irreparable injury, the damages
26 from which cannot now be calculated and for which there is no adequate remedy at
27 law. Accordingly, Ameriprise is entitled to injunctive relief restraining LPL from
28 engaging in further wrongful conduct and restoring the *status quo ante* as well as

1 further damages to be decided at final hearing in FINRA.

2 **COUNT VI**

3 **UNJUST ENRICHMENT**

4 102. The allegations of Paragraphs 1 through 60 are incorporated by
5 reference herein with the same force and effect as if set forth in full below.

6 103. LPL has been unjustly enriched by their improper access to, retention,
7 use of, and disclosure of Ameriprise's confidential information.

8 104. LPL has therefore received a benefit to which it is not entitled.

9 105. That benefit comes at Ameriprise's expense, which LPL knows or has
10 reason to know.

11 106. LPL's continued retention of those benefits in the form of trade secrets
12 unjustly enriches it, entitling Ameriprise to restitution.

13 107. LPL condones, encourages, and compensates former Ameriprise
14 advisors for their wrongful conduct as LPL, too, receives substantial profit from and
15 is unjustly enriched by each Ameriprise client whose information they improperly
16 obtain and subsequently solicit.

17 **PRAAYER FOR RELIEF**

18 **WHEREFORE**, by virtue of the foregoing acts and conduct complained of in
19 Counts I through VI, Ameriprise respectfully requests entry of a permanent
20 injunction against LPL, and respectfully request that the Court enjoin LPL, directly
21 or indirectly, and whether alone or in concert with others, as follows:

22 Defendant LPL, and all those acting in concert with it, are hereby enjoined
23 and restrained directly or indirectly, from:

- 24 1. Acquiring, using, disclosing, or transmitting for any purpose, in any
25 form whatsoever whether hardcopy or electronic or other format, any of
26 Ameriprise's Confidential Information, as defined in the Memorandum
27 of Points and Authorities;

2. Deleting, erasing, removing, destroying, or otherwise making unavailable for further proceedings in this matter any of Ameriprise's Confidential Information prior to turning over a complete copy of all such Ameriprise Confidential Information in Defendant's possession, custody, or control.

In furtherance of the above, Ameriprise respectfully requests that this Court further ORDER and DECREE that Defendants:

3. Identify all electronic devices used by any LPL employee, independent contractor, registered representative, financial advisor, recruit, agent, or affiliate who provided Ameriprise Confidential Information to LPL and engage a third-party forensic analyst to search for and purge all Ameriprise Confidential Information from the employee, independent contractor, registered representative, financial advisor, recruit, agent, and/or affiliate's electronic devices.
4. Return to Ameriprise any and all of Ameriprise's Confidential Information, including without limitation documents, materials, writings, and data, in any form, whether hardcopy or electronic, which have been removed, electronically downloaded or transferred in any other means from Ameriprise to Defendant;
5. Identify any current or former Ameriprise employee and/or affiliate with whom LPL discussed a potential, prospective, or actual transition to LPL and to whom LPL provided a "bulk upload spreadsheet" and/or any similar tool, artifice, or device used to obtain or collect information beyond that which is allowable under the Protocol for Broker Recruiting.

And that the Court (1) order the parties to proceed with an arbitration on the merits; and (2) issue any other relief that the Court deems appropriate and proper.

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SHUMAKER, LOOP & KENDRICK, LLP

DATED: July 30, 2024

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