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Brokerage Settles Overtime Lawsuit

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Merrill Lynch & Co. agreed to pay as much as \$37 million to settle a lawsuit brought by California brokers who claimed that the company should have paid them overtime.

The lawsuit, filed in federal court in San Francisco in July 2004, claimed that Merrill violated federal law by failing to pay overtime to brokers and violated California law by forcing brokers to pay overhead expenses, including salaries for secretaries, broker attorney Mark **Thierman** said Tuesday.

Under the settlement, which was filed Thursday, Merrill Lynch will pay as much as \$27.6 million to the brokers and as much as \$9.25 million to the brokers' attorneys, depending on the number of brokers who make claims. About 25% of the money going to the brokers will cover unpaid overtime, according to the settlement agreement.

The lawsuit is one of several overtime claims brought against brokerages in California and the first settlement in any broker overtime case, **Thierman** said.

"It corrects some of the abuses in the industry," said **Thierman**, who has offices in Reno.

Merrill Lynch denied all of the claims in the lawsuit, it said in the settlement filing. "We believe it was in the best interests of our clients, our financial advisors and the firm to avoid litigation and settle this matter," Merrill Lynch spokesman Mark Herr said in a statement.

The class action covers about 1,200 Merrill Lynch brokers in California, **Thierman** said. The agreement is a "claims-made" settlement, he said. If brokers don't file claims reaching \$27.6 million, Merrill Lynch will keep any money left over.

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