FINANCIAL ADVISOR IQ

# Father-Son FA Duo Hit Morgan Stanley with $2.7M Deferred-Comp Claim

Advisors Arthur Martin and Wade Martin claim that Morgan Stanley illegally withheld money they were owed when they left the firm.

By Glenn Koch | June 4, 2025

A father-son financial advisor duo has initiated the latest legal battle in the ongoing war between **Morgan Stanley** and financial advisors who say the wirehouse refused to pay them money they were owed after they left the wirehouse.

**Arthur Martin** and his son, **Wade Martin**, claim that Morgan Stanley illegally withheld more than $2.7 million in deferred compensation when they left to join **RBC Wealth Management** in October 2020, according to their complaint, filed Monday in the Superior Court of New Jersey for Mercer County.

Morgan Stanley's deferred-compensation program consists of a cash component that vests over a rolling six-year period and an equity component with a rolling four-year vesting period.

Advisors carry deferred compensation until they reach a specified age or length of service. Typically, vesting occurs no earlier than the age of 50 and requires at least five years of service. Any unvested compensation is forfeited if the advisor leaves before reaching their individual age and experience targets, though exceptions exist.

The Martins, like many other former Morgan Stanley advisors who've contested forfeitures of deferred compensation, say the program is a retirement plan within the scope of the Employee Retirement Income Security Act of 1974. Under Erisa, an employee's contribution to an individual account plan may not be forfeited, and an employer's contribution to such plans must fully vest within seven years of the start of employment.

The Martins had been at Morgan Stanley more than 10 years.

The father and son argue that Morgan Stanley's own employee-compensation portal displays advisors' deferred holdings under a heading of "My Portfolio," suggesting that the advisors owned the portfolio, not Morgan Stanley, the advisors' attorney, Trenton, New Jersey–based **Jeffrey Pollock**, told FA-IQ via email.

"Morgan Stanley never described these amounts as potential future performance awards," the Martins' complaint adds.

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The Martins point to a November 2023 judicial opinion issued in a putative class action filed by ex–Morgan Stanley advisor **Matthew Shafer**. In that case, a federal judge in New York opined that Morgan Stanley's deferred-

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compensation program is a retirement plan within the scope of Erisa. The Martins want the judge in their case to lean on that ruling in the court's decision over their claims.

However, Morgan Stanley has petitioned an appeals court to vacate the Shafer opinion. A hearing is scheduled in that case next week.

"Morgan Stanley's deferred compensation awards for Financial Advisors are compensation, not a retirement plan," a Morgan Stanley spokesperson told FA-IQ in an emailed statement. "We will continue to aggressively defend against meritless attacks suggesting otherwise."

Despite the Shafer ruling, Morgan Stanley has recently successfully defeated deferred-compensation claims in arbitration forums, where arbitrators may choose to follow or disregard Shafer. The wirehouse won two such cases in **Financial Industry Regulatory Authority** arbitration proceedings earlier this year, though it has also lost in that forum.

The Martins remain at RBC, operating as **Martin Wealth Management Group**. The seven-person team, based in Princeton, New Jersey, includes Wade Martin's son, **Zach Martin**, also a financial advisor. The three generations of advisors have a combined 93 years of industry experience, according to BrokerCheck. They oversaw more than $600 million in assets and produced more than $6 million in annual revenue when they left for RBC, Morgan Stanley said in a legal filing.

The team's transition to RBC also had its legal entanglements. Morgan Stanley in 2021 filed suit accusing the advisors of misappropriating confidential information to poach clients. The advisors counterclaimed with a defamation allegation. The case, first reported by AdvisorHub, has been stayed pending resolution of a companion matter in Finra's dispute-resolution system.