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Judge upholds \$22 mln ruling vs Ameriprise unit

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WASHINGTON/NEW YORK, Sept 14 (Reuters) - A Louisiana federal judge has upheld a \$22 million award to 32 former Exxon Mobil Corp. <XOM.N> workers who said a broker put their retirement money into inappropriate, risky investments.

The broker's former employer, Securities America Inc., may appeal U.S. District Judge Jay Zainey's order that it pay \$8.2 million in attorney's fees and punitive damages as part of the award, said Paul Johnson, a spokesman for Securities America's parent, Ameriprise Financial Inc. <AMP.N> on Thursday.

Zainey issued his decision on Sept. 12, based on an arbitration ruling in May.

In a related proceeding, brokerage regulator NASD on Thursday fined Securities America an additional \$2.5 million for failing to supervise the former broker, David McFadden, and ordered it to pay \$13.8 million that had been part of the May arbitration settlement in restitution to the former Exxon workers.

The firm agreed to the NASD payouts, and also to hire a consultant to review procedures. It did not admit wrongdoing.

"We take this matter very seriously and we are actively looking for ways to enhance compliance policies, procedures and oversight," Johnson said.

McFadden, who has resigned from Securities America, was charged in a separate action with securities fraud, the NASD said.

A lawyer for McFadden did not immediately return a call seeking comment.

According to the NASD, McFadden would lure Exxon workers, typically ages 50 to 60, into moving retirement money into investments he recommended, with "unreasonable and exaggerated promises of high returns."

Ameriprise is a financial planning and services company based in Minneapolis. Securities America maintains separate services and product offerings, Johnson said.

In a separate consumer alert, the NASD said workers should be cautious before swapping a company pension for investments whose values fluctuate, such as mutual funds and variable annuities.

The NASD is the securities industry's self-regulatory arm.

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