

COVID-19 claims the lives of four Broadridge employees and two of its subcontractor's staff, while another contractor's policies exposed workers, raising questions about SEC 'essential work' rules

The New York -based proxy administrations and technology giant of 10,000-employees blames outsourcers for not abiding by its standards for health, safety; others wonder whether the SEC and FINRA created harmfully inflexible, letter-of-the-law rules in pandemic.

12 hours ago by Oisin Breen

Brooke's Note: When you start making phone calls and sending emails related to a series of largely unreported, perhaps avoidable deaths, you don't get much response. Such was Oisin's experience when he took on this grim story. But he stuck with it, aided by one particular previous article in *The Intercept*, and completed a pretty full telling. The financial industry is, inherently, largely digital and to that extent less exposed to COVID-19. But it is still an industry addicted to certain archaic business practices that, in this case, involve reams of paper and the manual labor to process it. Where you have relatively unskilled labor, you have outsourcing and where you have outsourcing you have blurred lines of liability. For sure, nobody is taking any blame here, though executives concede mistakes were made and policies were changed to avoid a repeat. Then again, the crush of proxy season is taking a break until next year when the real test will occur.



Robert Kalenka: [We] have worked with TMG for over 30 years and I have an extremely high regard for their entire organization. The level of experience, expertise and professionalism they deliver to us is exceptional.



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Broadridge Financial Solutions saw six people -- contractors or employees-- die of COVID-19, while other subcontractors worked under conditions that included crowded cafeterias and a policy discouraging gloves or masks, according to reports.



Ari Sonneberg: TMG, as well as Broadridge and Ranstad may have legal exposure.

The deaths of four employees at the New York City proxy processor of mutual funds and public shares and two of its outsourced workers -- through Dutch staffing agency Randstad Holding -- were disclosed after an investigation by [The Intercept](#) and [Type Investigations](#).

The victims ranged in age from 49 to 64, according to the report.

This tragedy was foreseeable, and corporate outsourcing in the financial industry was an accident waiting to happen, says Bill Singer, an attorney and the outspoken writer of the [Broke and Broker blog](#), via email.

"This is a systemic issue of long duration ... Send the traders home. Send the C-Suiters home. Hold all the damn Zoom meetings you need. But some Latinx worker is being forced to use public transportation and required to work in a crowded warehouse for the moronic purpose of stuffing paper into envelopes."

Pandemic collision

Staff at Broadridge outsourcer TMG Mail Solutions in Brentwood, NY, told reporters that at least 10 co-workers got the disease because masks and gloves were limited to workers who were ill or explicitly immunocompromised. None are known to have died.

Broadridge and Randstad declined to say how many of their staff were infected.

The tragic events that caused six people to die at a Long Island processing center were triggered by the collision of COVID-19 with proxy season.

Broadridge is quietly transforming toward servicing wealth management rather than products and shares. See: [Broadridge CEO Tim Gokey gets Google Cloud's head of platform in his corner as he sets sights on wealth management cloud thunderclapper](#)

In 2019, it spent \$120 million to [acquire fi360](#), which manages accreditation and continuing education for the Accredited Investment Fiduciary (AIF) Designation among other services.

But for now, Broadridge and its contractors must contend with a giant annual rush to get millions of documents into the postal mailboxes of investors. During that time, many processors work 12-hour shifts, seven-days-a-week to handle the load, [The Intercept](#) reported.



Gregg Rosenberg: We are auditing their compliance.

SEC mandate

The Securities and Exchange Commission (SEC) mandates the mailing of proxies and other documents, such as annual reports, to give shareholders the right to vote, or delegate their voting rights back to the company on matters at board meetings.

Today, about 70% of proxy materials are processed digitally for investors holding regular shares, says Broadridge global head of corporate communications, Gregg Rosenberg, via email.

But current regulations demand that investors must still be given the opportunity to receive proxy materials by mail.

Because federal regulators deem that aspect of the financial services machinery "essential," employees couldn't take advantage of work-at-home policies -- or so Broadridge and its outsourcers contend.

What is jarring, say legal observers, is the fact that regulators could easily have insisted all proxy materials during the COVID-19 crisis be sent digitally. Had they done so, then Broadridge, Randstad and TMG workers might have been better protected.



Nicomedes Sy Herrera: Good defense counsel may end up beating [these charges].

To support the increased mailing demands of the Spring proxy season, when thousands of firms hold shareholder meetings over an eight week period, Broadridge adds over 900 temporary associates to 600 full-time associates.

That said, the SEC did state that it would be lenient on deadlines if it was contacted, which puts the onus back on Broadridge, says Sonneberg.

"It is hard to imagine, especially considering that Broadridge, et al. were in the epicenter of the pandemic, that the SEC would not have worked with them to determine an adjusted timetable for compliance."

Who knew?

Broadridge says it was unaware of TMG's health and safety policies until The Intercept brought them to its attention. The company immediately informed TMG to adhere to its own protocol, it claims.

A source adds that managers and supervisors at the facility may have been under significant duress as a result of the COVID-19 pandemic.

Safety meant slowing down work, but a failure to deliver investor prospectuses on time for Q1 would have landed Broadridge's clients in hot water with the SEC, the sources states. "Broadridge cut it real close."

"Nearly all prospectuses were delivered within the appropriate time frame," says Rosenberg.

"Throughout the crisis, we kept the SEC and NYSE apprised of our operational performance, and we worked closely with issuers, fund companies, regulated broker-dealers and other financial institutions."

The SEC declined a request for comment. The Centers for Disease Control and Prevention (CDC), TMG and Randstad also declined to comment. Lawyers representing workers who died also declined to comment for this article.

Broadridge's response about the right hand not knowing what the left was doing is unsatisfying, Singer contends.

"What are we being asked to believe? That Broadridge had no idea that exploited workers were being threatened to come to work at the risk of losing their jobs? [I'm] not buying the 'we-didn't-know' excuse. It's likely a 'we-didn't-want-to-know' scenario."



Bill Singer: It all smacks of hypocrisy.

Intimidation

TMG Mail Solutions is one of several outsourcers employed by Broadridge to handle proxy mailings and other seasonal mailings on behalf of its clients.

Broadridge, which has a \$14-billion market cap and whose shares [BR: NYSE] are trading near their all-time high of \$126, provides proxy voting and related services to more than 50% of the public companies and mutual funds globally.

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Randstad is no mouse either with 38,820 employees as of 2018 and revenues of 23.81 billion euros.

Broadridge, which spun off from ADP in 2007, is itself an outsourcer, handing proxy voting that was formerly done in-house by most corporations.

Since its founding, it's rolled up other inglorious but essential divisions of companies including a DST Systems unit in 2016. [FundsLibrary and Spence Johnson are two others.]





New York Governor Andrew Cuomo signed a [slew of executive orders](#) to help stem the COVID-19 tide, although some businesses were deemed essential.

This year, proxy season coincided with the Covid-19 pandemic's peak in the New York metropolitan area.

TMG supervisors distributed flyers to many of the estimated 200 staff it employs in a vast Long Island warehouse that "intimidated" low-wage, primarily Latinx workers.

They were required to work without protection, regardless of whether they showed symptoms of the novel coronavirus, according to The Intercept.

"If you do not show up to work you will not be paid, and after two days of absence you will be considered to have abandoned your job," the flyer stated, according to a translation obtained by RIABiz.

One employee told The Intercept the company also ignored social distancing measures. She said she was forced to eat lunch in a crowded cafeteria, sharing a table with as many as 10 other coworkers. She was later diagnosed with COVID-19, according to the reports.

Allegations denied

In March, New York Gov. Andrew Cuomo signed an executive order that closed most businesses. But TMG's warehouse continued to operate, and Broadridge vehemently denies all suggestions of wrongdoing.

Coronavirus update – 26th March 2020

TMG Mail Solutions Inc is an essential business and as of now it will remain open and fully functioning. If you do not show up to work you will not be paid, and after two days of absence you will be considered to have abandoned your job.

CUOMO ORDERS ALL NON-ESSENTIAL WORKERS TO STAY AT HOME

Governor Cuomo said that 100% of non-essential workforce must stay at home, compared of the former 75%. This excludes essential services such as supermarkets, pharmacies, internet services and others.

The governor said that all non-essential meetings of any type are forbidden and insisted people only take public transport when it is necessary. He said public transport services will continue to operate

to carry essential workers.

MASKS AND GLOVES

If you feel safer using masks and gloves, this might be the healthiest option.

Masks: it is wise to wear a mask if you are ill to avoid the spread of germs, or if you have a compromised immune system. Remember that while you use a mask and inhale and exhale, you are breathing your own germs! The best precaution is to use a mask if you are ill.

Gloves: they are not necessarily the best option. The virus remains active many hours on a plastic surface, and it can transfer to any other surface you touch. It is best to use hand sanitizer and the best option is to frequently wash your hands with soap and warm water. Remember that medical and emergency staff are using disposable gloves and dispose of them after seeing a patient.

FREE NYC MEALS FOR STUDENTS

If they live in any of the five boroughs, students can get three free meals a day. You can go to "schools.nyc.gov" for more details. The foods are distributed Monday to Friday between 7.30am and 1.30pm across the city. It is not required

A translation obtained by RIABiz of the TMG Flyer ([click to enlarge](#)).

TMG attorney James Prusinowski, managing partner at NYC law firm Trimboli & Prusinowski, told The Intercept that TMG "categorically denies any allegations or inferences that it did not take the necessary and appropriate actions or follow CDC guidelines concerning its employees related to the COVID-19 pandemic."

In fact, Rosenberg insists that the second the firm knew about the flyer, it made sure TMG adhered to its standards. It also reminded other outsourcers of their obligations.

"We expect our vendors to adhere to Broadridge's standards ... [and] within 48 hours of being notified about the issue via a media inquiry, we investigated and reminded TMG to apply practices consistent with how Broadridge operates," Rosenberg explains.

"TMG immediately rectified their approach [and] given TMG's responsiveness and immediate compliance, we have continued to work with them. We subsequently reviewed data confirming these practices ... If there is lack of compliance, the relationship will be reconsidered."

Prior to the recent tragedy, Broadridge chief operating officer, ICS, Robert Kalenka was effusive in his praise for TMG in a front-page testimonial on the outsourcer's [website](#).

"[We] have worked with TMG for over 30 years and I have an extremely high regard for their entire organization," Kalenka writes.

"The level of experience, expertise and professionalism they deliver to us is exceptional. I know I can always count on them to deliver productivity and quality in all the work they provide to our operation."

Approximately 600 to 1,500 staff work at the TMG warehouse, depending on the season.

Legal problems

Separately, Broadridge and TMG are facing a [class action](#) filed on behalf of named plaintiff Veronica Martinez by New York law firms Getman, Sweeney & Dunn and Green Savits,

1. **Site Compliance:** All regulations and protocols from local authorities must be met; and associates must be able to safely commute to the site.
2. **Training and Screening:** Before returning, associates will need to complete training on accessing and using the office and may need to attest to their health and/or pass temperature screening.
3. **Personal Protective Equipment (PPE):** There will be supplies of PPE, (appropriate to each location, associate role, and local requirements) as well as training guidelines on proper use.
4. **Social Distancing:** Offices will be configured to minimize contact and maximize social distancing. There will be clear guidelines for associate movement and flow, and protocols for occupying different office areas.
5. **Sanitary Hygiene:** Enhanced workplace cleaning protocols will be in place with an increased focus on sanitary hygiene, including hand washing and the availability of sanitizing products.
6. **Contact Tracing:** Contact tracing will be performed to both assess the risk to our associates and to minimize exposure.

Broadridge's new safety framework for on-site employees in light of Covid-19 ([click to enlarge](#)).

The suit alleges that Broadridge and TMG failed to comply with federal and state wage-and-hour-laws. It seeks owed wages, costs and damages.

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The suit also alleges that the plaintiffs have not been credited or paid for many of their work hours, and that Broadridge is, in fact, their direct employer because it maintains "control, oversight, and direction over the work."

This case is likely to end in a lucrative settlement for the plaintiffs, says Ari Sonneberg, partner and chief marketing officer at Boston-based Wagner Law Group, via email.

"While their deep pockets also allow them to engage in lengthy and costly litigation, the incentive to avoid the bad PR, especially with the appearance that this case presents, likely outweighs any inclination to allow this to go to court, even if they thought they could win."

Getman, Sweeney & Dunn partner, Michael Sweeney declined a request for comment, citing internal policy.

The going rate

Broadridge stated that it had no control over whether basic contractor pay would rise above the current \$13-per-hour standard rate, and \$19.50 overtime rate.

"Broadridge has required that the same standards we offer our employees are extended by vendors to their employees. For TMG employees, these are provided by TMG," says Rosenberg.

"We work to ensure that the basic pay of workers provided by temp agencies is in compliance with regulations, but we do not set the hourly rates for temp agencies."

"We require our temporary staffing agencies to provide paid sick leave and quarantine pay for their employees ... and we are auditing their compliance," he adds.

But Broadridge declined to answer, specifically, whether it would require extended sick pay benefits for outsourced employees beyond the duration of the current global pandemic.



James Prusinowski: [TMG] categorically denies any allegations or inferences that it did not take the necessary and appropriate actions.

On the hook

Broadridge could still find itself on the hook for deaths of workers and others infected by the virus, says Sonneberg.



Michael Sweeney declined a request for comment.

"TMG, as well as Broadridge and Ranstad, may have legal exposure," he explains.

"These businesses may have been categorized as 'essential' ... justifying the requirement that workers, who cannot work remotely, continue to show up. That would not have justified forcing or even allowing workers to operate in an unsafe work environment, a situation for which these companies could be liable."

Legally, these firms had a duty to provide a safe working environment that may have obligated them to institute policies including staff reductions, the provision of PPE gear, quarantining and paid sick leave, Sonneberg continues.

Personal protective equipment (PPE) refers to protective clothing, helmets, gloves, face shields, goggles, facemasks and/or respirators or other equipment designed to protect the wearer from injury or the spread of infection or illness.

But proving this could be nigh on impossible, counters Nicomedes Sy Herrera, a class action specialist and partner at Oakland and Newport Beach, Calif., law firm, Herrera Purdy, via email.

"Given the unprecedented nature of the COVID outbreak, and the often conflicting advice from the CDC and WHO, defense counsel are likely to argue that the employer's conduct did not fall below [a reasonable] level of care. Good defense counsel may end up beating [such charges]."

Rosenberg adds that since Gov. Cuomo's executive order, Broadridge has worked flat-out to ensure everything is up to snuff from a safety standpoint, including providing PPE.

"The health and well-being of all individuals working in our facilities is our highest priority, and we take many measures to keep everyone safe," he explains.

"We have made it clear ... if [associates] feel ill, they should not come to work, and they will receive full pay. Similarly, if they are in a high-risk group, or have a family member in a high-risk group, they are not required to come to work, and they are eligible to receive quarantine pay. Furthermore, associates who are simply not comfortable coming into work for any reason may also stay home and their job is protected."

Broadridge moved all non-essential on-site staff to remote working on Mar. 18, according to the firm. It states that it has adhered fully to all guidelines from the CDC, state and local authorities.

It has also shifted some production to other states less impacted by COVID-19; halved the number of employees on site at any one time; split shifts; introduced physical barriers; closed common areas; provided boxed meals; introduced temperature checks and hired an expert in infection prevention.

Broadridge's new army of remote workers are not required to return to work before Jan. 2021, at the earliest, according to the company.

High standards

But Singer suggests that both the SEC and FINRA should shoulder some of the blame for events at the Broadridge-TMG facility, citing FINRA Rule 2010: Standards of Commercial Honor and Principles of Trade, which states: "A member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

It's a puffed-up charade, Singer rails.

"How could it possibly be a "high standard of commercial honor" for any FINRA member firm to retain the services of any third-party-provider, if, in fact, that outsourced entity forces its workforce to come to work during the COVID pandemic and risk their lives ... Similarly, as the keeper of the ESG flame, where is the SEC?"

"How can forcing minimum wage or low-paid employees to literally risk their lives over something as inane as 'paperwork' in this digital age not be an environmental, social, and/or governance issue? ... It all smacks of hypocrisy."

 No people referenced

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July 9, 2019 — 6:33 PM by Sophia Noto



Brooke's Note: A million answers come to mind for an RIA Biz editor's question: Just how hot is the wealth management business? This article provides as good an answer as any. A company -- Broadridge -- may have an inside lane to becoming one of a handful of 'cloud' companies serving RIA businesses after landing Google's cloud platform head for its board, where he'll expend precious scarce time on its behalf.

Amit Zavery spent 24 years at Oracle before Google. He changes the complexion of Broadridge.



0 Comments

Tim Gokey has scored a coup that may reflect both its cumulus business model and its skyrocketing share price.

The president and CEO of Broadridge Financial Services, Inc. in New York has snared Google Cloud's head of platform, Amit Zavery, for a seat on his board. He'll share his expertise on developing Broadridge's cloud and making acquisitions to expand its bread-and-butter data services.

The appointment comes like a bolt out of the blue for data and analytics company and adds a breath of fresh air to the board.

Without Zavery, the average age of board members is roughly 63. Zavery will bring that number down significantly. He is the youngest board member by 12 years.

Broadridge raised eyebrows by luring Zavery from a tier one player. But the company declined to characterize the mutual attraction -- or how the two found each other.

Zavery used superlatives to describe Broadridge's market power and its potential to dominate the automation of processes wealth managers use to provide financial advice.

"Broadridge is uniquely positioned at the center of the global financial services industry and known for innovating in the most complex areas to enable industry-wide technology advancements," Zavery said in a statement.

"It's an honor to... take part in the important work Broadridge does as it supports clients in managing technology transitions and enacting forward-looking transformation."



Broadridge CEO Tim Gokey scores a coup with Google cloud platform head.

No Sweetheart deal

He did not make the decision to join the Broadridge board because of some sweetheart board compensation. Zavery will make considerably less than the average for an S&P 500 company director.

A board member at an S&P company typically makes \$250,000 annually, while companies, like Comcast, pay directors as much as \$415,000. Some pay even more: Salesforce pays directors \$530,000 annually, and at 21st Century Fox pays board members up to \$2.5 million.

In contrast, Broadridge pays its directors between \$160,000 and \$185,000 according to Glassdoor.

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Zavery's compensation, which is publicly stated in the firm's proxy statement, includes an annual cash retainer (\$75,000), fees for meetings (\$1,500 in person, \$750 telephonic) and a pile of stock and stock options.

No doubt Broadridge is hot where it counts -- investor returns.

Its shares closed at \$131.06 on Tuesday (July 9), just off its 52-week high of \$138.24. That's nearly triple where it was in July of 2014, when Broadridge shares were at \$40. The company's reinvention drove its market capitalization to \$15.3 billion as of July 8. It launched its IPO in 2007.

Broadridge in recent years has made no secret that it's vying for a dominant data position in wealth management and recently acquired a fiduciary business from Morningstar. See: [Morningstar makes tough choice in shedding a 'fiduciary' division -- perhaps to avoid a conflict](#)

Chasing Amazon's cloud

Only last year, Google poached Zavery to head the cloud "platform" as part of belated efforts to catch up to Amazon and Microsoft in the cloud.

Before that, Zavery, a 24-year Oracle veteran, oversaw 4,500 engineers dedicated to Oracle's cloud business. He was the highest ranking executive in the firm's cloud division prior to his exit.

Though Zavery is billed as Google Cloud's head of platform, the larger "cloud" at the Mountain View, Calif.-based giant consists of: G Suite, Google Cloud Platform, AI tools, Chrome for Enterprise, and much more. Zavery reports to Google Cloud CEO Thomas Kurian who oversees the broader division.

Zavery received his bachelor's degree in electrical and computer engineering from the University of Texas at Austin. He also holds a master's degree in information networking from Carnegie Mellon University.

His appointment also follows the company's assertion in the annual report that it is adding a third pillar--wealth management--to its data analytics business. Broadridge added a wirehouse to its clientele last year- the company declined to name the Wall Street firm.

"Five years ago that was 5% or 10% of the overall client-base. We're seeing significant growth," said Broadridge former financial technology and solutions executive Gavin Little-Gill in a 2018 RiABiz article. See: [Quick hits: Broadridge broadens to UHNW market with sneaky-success](#)




Gavin Little-Gill noted significant wirehouse growth in 2018.

Broadridge has always focused on mutual funds, ETFs, retirement providers and other more traditional classifications of asset managers, but BIMS has historically been used by hedge funds.

Broadridge is expanding into the wealth management cloud because it sees a giant void in the marketplace.

"The folks we're talking to just aren't fully supported by the solutions they have in the marketplace today. Long story short, we're investing aggressively and looking to grow this segment in the next 3- to 5-years," Little-Gill added.

As part of its strategy to woo high-end clients looking for a "single throat to choke," Broadridge doubled the development team of [Broadridge Investment Management Solutions, its asset management reporting software](#), in the past 18 months, and ordered a total reboot of its software, with a "buy, build, or partner," but get it done attitude, he added.

 No people referenced

 [Google](#) | [Oracle](#) | [Broadridge](#)

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Oracle CRM for Financial Services; RIA

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Top Executive: Larry Ellison



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