Tips For Financial Advisers Facing TRO From Former Firm

By **Marcus Zelzer and Andrew Shedlock** (February 9, 2026)

Marcus Zelzer

Andrew Shedlock

Often, when financial advisers leave their firm to join a new firm or start their own endeavor, the former firm will sue the departing adviser, alleging solicitation and improper use of confidential information, among other contractual and tort-based claims.

A dreaded scenario for the financial adviser is the previous firm filing a temporary restraining order and preliminary injunction against the adviser, which could have the effect of halting clients from joining the adviser's new firm.

A Jan. 12 U.S. Court of Appeals for the Eighth Circuit opinion, Choreo LLC v. Lors, gives advisers new strategies and provides valuable insight to arguments that may help an adviser overcome a TRO, such as analyzing whether the alleged irreparable harm is calculable.

The District Court's Injunction Against the Advisers and the Eighth Circuit's Vacation of the Preliminary Injunction

For background, after four financial advisers left Choreo to work for a competitor, the advisers contacted clients about their departure, posted about their new employment on LinkedIn and provided those clients with contact information for their new firm.[1] The former firm responded by suing the four advisers and Compound Planning, their new firm, and simultaneously moved for a temporary restraining order and preliminary injunction.[2]

While the U.S. District Court for the Southern District of Iowa denied the request for a temporary restraining order in April 2025, finding that Choreo "had not sufficiently demonstrated the immediate irreparable harm necessary to warrant such extraordinary relief without adversarial presentation," upon the former firm's subsequent motion, which documented "escalating client departures and employee resignations," the district court granted Choreo's request to further expedite proceedings.

After briefing and oral argument, the district court imposed a temporary restraining order "pending a more fulsome treatment of the issues and analysis."[3] Ultimately, it granted the former firm's motion for a preliminary injunction.[4]

On appeal, the Eighth Circuit vacated the "sweeping preliminary injunction," which had barred the four financial advisers from (1) servicing any client account they "serviced or gained business information about in the last two years"; (2) "providing any information about their new employment" to clients; (3) "using Choreo's confidential information for any purpose"; (4) "encouraging any employee of Choreo to quit during the period each restrictive covenant is in effect"; and (5) barred the financial advisers' new firm from "using Choreo's confidential information or interfering with any Choreo employment agreements."[5]

In vacating the preliminary injunction, the Eighth Circuit focused rather heavily on whether there was "irreparable harm" — a key element that any party must establish to obtain a preliminary injunction.

The district court's finding of irreparable harm was based on Choreo's loss of customer relationships from Compound Planning's "ongoing client poaching" and the destruction of Choreo's branch office from violations of a no-recruitment provision in the financial advisers' employment contracts. The Eighth Circuit did not find that these factors met the required showing to establish irreparable harm.[6]

In reaching this conclusion, the Eighth Circuit acknowledged that the permanent loss of customer goodwill can constitute irreparable injury, and instructed that, on its own, economic loss is not an irreparable injury as long as the losses can be recovered.[7] Applying this to the record developed below, the Eighth Circuit reaffirmed its prior determination, which rejected the proposition "that financial harm from losing customers is incalculable and therefore irreparable."[8]

The Lessons for Advisers to Defeat TROs

While the Eighth Circuit vacated the district court's "sweeping preliminary injunction," advisers facing similar requests for preliminary injunctions from their former firms can learn some effective strategies and arguments to defeat similar motions.

First, advisers should analyze the reasonableness of the restrictive covenant in their respective agreements.

For instance, the financial advisers in Choreo v. Lors argued that the no-service covenant was not reasonably necessary to protect a legitimate business interest of Choreo and thus, the Minnesota Supreme Court would not enforce it.[9] In doing so, the advisers relied on Ballast Advisors LLC v. Peterson, whereby Chief Judge Patrick J. Schiltz of the U.S. District Court for the District of Minnesota asserted in his December 2024 decision that "a strong argument can be made that contractual restrictions that interfere with a client's ability to continue to seek financial, medical, or legal advice from her longtime financial advisor, doctor, or lawyer should be invalid as against public policy."[10]

Second, if the former firm is going to allege harm from loss of goodwill, the firm must have sufficient evidence to support such an allegation.

While the Southern District of Iowa cited to a case for the proposition that customer goodwill "belongs to the employer"[11] — the financial advisers instead argued to the Eighth Circuit that "[w]hether customer goodwill belongs to the employee or the employer 'must be judged according to its own facts and circumstances.'"[12] In doing so, the financial advisers framed the question to that of "whether 'the services' provided by the employee 'have been of such a character that the employee's name carries with it the good will of the employer's business.'"[13]

Building off this argument, the financial advisers argued that their former firm did not submit any evidence that the client worked with the advisers because of the former firm's "brand name or holistic business offerings."[14] Ultimately, in determining that the former firm's alleged harm from loss of goodwill is calculable, the Eighth Circuit noted that the declarations relied on are conclusory and do not explain why the loss defies calculation.

Third, the adviser should analyze the irreparable harm that the firm alleges it faces. This case serves as a stark reminder that, per the U.S. Supreme Court's 2008 decision in Winter v. Natural Resources Defense Council Inc., "[a] preliminary injunction is an extraordinary remedy never awarded as of right,"[15] — and that establishing irreparable harm at the

preliminary injunction stage is no small feat.

The main takeaway from this case is that if the firm's alleged damages are calculable, the firm's ability to establish irreparable harm rapidly diminishes. Namely, the Eighth Circuit instructed "[b]ut the financial harm from lost client revenues will not be so uncertain that it renders the damages incalculable and therefore irreparable."[16]

Thus, if an adviser finds themselves in the unwanted position of defending a preliminary injunction or TRO from their former firm, the adviser should analyze the alleged irreparable harm the firm seeks. If it is calculable, this case serves as a strong precedent that the firm's preliminary injunction should be denied.

In conclusion, if an adviser is defending against a preliminary injunction or TRO request from their former firm, the adviser should look to lessons from this Eighth Circuit case and analyze (1) the reasonableness of the restrictive covenant; (2) the strength of the evidence the firm relies on to support a claim for loss of goodwill; and (3) whether the irreparable harm the firm alleges it suffered is calculable, especially in the context of financial adviser transitions, where monetary losses almost always are calculable down to the last dollar.

Marcus P. Zelzer is an attorney and Andrew R. Shedlock is a partner at Kutak Rock LLP.

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[1] Choreo, LLC v. Lors, 777 F. Supp. 3d 947, 955 (S.D. Iowa 2025), vacated and remanded, No. 25-1706, 2026 WL 82841 (8th Cir. Jan. 12, 2026).

[2] Id. at 956.

[3] Id.

[4] Id. at 970-971.

[5] Choreo, LLC v. Lors, No. 25-1706, 2026 WL 82841, at *1-2 (8th Cir. Jan. 12, 2026).

[6] Id. at 3.

[7] Id.

[8] Id. (citing MPAY Inc. v. Erie Custom Comp. Apps., Inc., 970 F.3d 1010 (8th Cir. 2020)).

[9] Choreo, LLC v. Lors, No. 25-1706, Appellants' Brief at pg. 22.

[10] Ballast advisers, LLC v. Peterson, No. 23-CV-3769 (PJS/TNL), 2024 WL 5075600, at *3, n. 4 (D. Minn. Dec. 11, 2024).

[11] Choreo, LLC, 777 F. Supp. 3d 959 (quoting Granger v. Craven, 199 N.W. 10, 13 (Minn. 1924).

[12] Choreo, LLC v. Lors, No. 25-1706, Appellants' Brief at pg. 25 (quoting Granger, 199 N.W. at 13).

[13] Id. (quoting Menter Co. v. Brock, 180 N.W. 553, 554 (Minn. 1920)).

[14] Id. at pg. 26.

[15] Winter v. Nat. Res. Def. Council, Inc., 129 S. Ct. 365, 367 (2008).

[16] Choreo, LLC, No. 25-1706, 2026 WL 82841, at *3.