

Stifel Will Seek to Overturn 'Windfall' \$14.3 Million Arbitration Award

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[Stifel Nicolaus](#) is planning to ask a court to vacate an arbitration ruling that ordered it to pay more than \$14 million related to a structured note strategy overseen by one of Stifel's brokers in Florida.

Apart from that case, there are 15 others pending against Chuck Roberts, a 34-year industry veteran who heads the CR Wealth Management Group at Stifel, according to the online database BrokerCheck.

The nearly \$14.3 million award appears to be the first of the structured-note claims that has worked its way to resolution in the arbitration forum convened by Finra, the brokerage industry's self-regulation authority.

"While we respect the Finra arbitration process, we strongly disagree with this panel's decision and the way it conducted the hearing," a Stifel spokesman says.

"This windfall award vastly exceeds any actual damages incurred by an extremely sophisticated client and is simply not supported by the facts of the case," he adds. "We will be moving to vacate the award."

The complaint was brought by the couple Louis and Elizabeth Deluca, and the business they own, UBS Inc., which isn't related to the Swiss investment bank and brokerage.

The Delucas and their business accused Stifel of breach of fiduciary duty, negligence, negligent supervision, fraud, breach of contract, and violation of Florida securities law. The Finra award states that the Delucas were seeking compensatory damages in the range of \$1 million to \$5 million, as well as punitive damages, interest, attorney fees, and costs to cover the expense of the proceeding. It doesn't specify the losses the claimants said they incurred from the trading strategy.

The Delucas' complaint and many of the others pending allege that Roberts misled them about the risks and potential returns of the structured notes, which regulators have [warned](#) are "very complex and have significant investment risks."

Stifel had denied the claims and sought expungement of the complaint from Roberts' BrokerCheck record.

Roberts, who wasn't named as a respondent in the complaint, didn't immediately respond to a request for comment.

The day after the Finra arbitration panel issued its award, the Delucas and their company filed a petition asking a federal court in Miami to affirm the panel's decision, which it argues the court is compelled to do unless the award is overturned, modified, or corrected.

"There are no grounds to vacate, modify, or correct the award," the Delucas say in their court filing.
