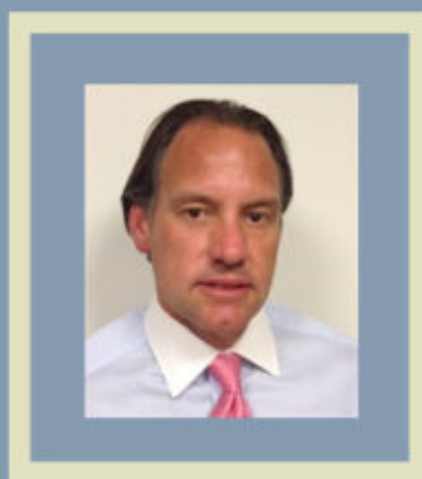


Stifel Ordered To Pay \$14.3 Million Over Miami Broker's Structured Note Strategy

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News



Stifel broker Chuck A. Roberts who lost his bid to expunge the \$14.3 million award from his record.

Stifel Financial has been ordered to pay almost \$14.3 million in damages to two investors who alleged it failed to supervise a Miami broker's flawed structured note strategy, according to a Financial Industry Regulatory Authority arbitration award finalized on Thursday.

The award appears to be one of the first among 16 pending complaints on Chuck A. Roberts' BrokerCheck record. Those claims, which were filed in the last two years, seek \$41.2 million in damages combined, according to the database, which likely has not been updated to reflect Thursday's award.

The investors in this case, Louis and Elizabeth Deluca, also raised claims of breach of fiduciary duty, fraud and violation of the Florida Securities and Investor Protection Act. They had sought between \$1 million and \$5 million in compensatory damages for losses tied to the structured notes, which their lawyer said were designed to generate excessive commissions and improperly pitched as low risk.

The decision, issued by three public arbitrators, includes almost \$4.1 million in compensatory damages split between the couple and their business, which is called UBS, Inc. but not related to the Swiss bank. The panel also ordered that Stifel pay them \$9 million in punitive damages, \$1.1 million in attorney fees and almost \$146,000 in costs, according to the award.

“I think the magnitude of punitive damages in this case is commensurate with the evidence of wrongdoing,” said one of the claimants’ lawyers, Stefan Apotheker of Erez Law. The firm is representing investors in more than a dozen other cases, he added.

The panel also denied Stifel’s request to expunge the matter from Roberts’ public record. Roberts was not named as a party in the case but participated as an “unnamed individual,” according to the award.

The Delucas’ lead lawyer, Jeff Erez at Erez Law, said they bolstered their failure to supervise claim by pointing out that Roberts communicated with customers about the strategies through an unapproved personal device. (The Securities and Exchange Commission last month ordered Stifel to pay \$35 million as part of a probe into unapproved texting on Wall Street.)

A Stifel spokesperson said the firm disagrees with the decision and plans to ask a court to overturn it.

“While we respect the Finra arbitration process, we strongly disagree with this panel’s decision and the way it conducted the hearing,” the spokesperson wrote in a statement. “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.”

The arbitrators did not provide an explanation for their award, as is customary unless both sides requested a reasoned decision.

A person familiar with Stifel’s thinking said that the award appeared oversized because the customers’ losses would have been under \$1 million had they held to maturity. Stifel has stood behind Roberts as it believes that it has a chance to beat back the claims, particularly given many are tied to the same plaintiff firm, the person said.

Roberts did not return a request for comment. Two other complaints filed since 2019 were denied and another was withdrawn, according to his BrokerCheck.

Roberts has since 2016 led a nine-person team, The CR Wealth Management Group, which is based in New York and Miami. He started his career in 1990 at Lehman Brothers and worked at Painewebber, M. J. Whitman, and Oppenheimer & Co. before landing at Morgan Stanley's Smith Barney predecessor Inc. in 2005, according to his BrokerCheck. He remained with Morgan Stanley until 2016 when he left for Stifel.

This summer, Roberts and his wife purchased a waterfront property in Miami for \$16 million, which was financed by a \$11.2 million mortgage from Stifel Bank & Trust, according to a [report](#).

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