

Stifel Rung Up Again over FA's Use of Structured Notes



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Since October, the firm has been hit with two multimillion-dollar judgments stemming from allegations that an advisor misrepresented the risks involved in structured notes.

By Glenn Koch | November 13, 2024

For the second time in six weeks, **Stifel Financial's** broker-dealer subsidiary has been ordered to pay millions of dollars in damages over an advisor's alleged misrepresentations regarding structured notes.

A **Financial Industry Regulatory Authority** arbitration panel last week ordered **Stifel, Nicolaus & Co.** to pay more than \$2.3 million to clients of longtime advisor **Chuck Roberts**. The claimants in the matter, Florida-based insurance consultant **Douglas Muhlbauer** and seven qualified accounts administered by his firm, alleged that Roberts, between 2020 and 2023, misrepresented the risks and potential returns associated with investments in contingent structured notes, according to Muhlbauer's attorney, **Jeffrey Erez**, of Miami-based **Erez Law PLLC**.

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"These particular notes pay a contingent coupon," Erez told FA-IQ. "We alleged that they were misrepresented as being safe or low risk. ... The coupon was not as stable as he had represented to the client."

The claimants also alleged that Roberts did not follow client objectives and Stifel's protocol regarding his oversight of managed accounts in the Stifel Horizon Program and the Stifel Solutions Program, according to Erez and the arbitration panel's published decision. Investment strategy in those accounts must adhere to the client's objectives and risk tolerance, according to Stifel's website, but in this instance was overly risky, Erez said.

Last week, after having conducted 29 hearing sessions over the course of four weeks, arbitrators **Carl Henry Perdue, Allen Robin and Richard Gendler** awarded the claimants a total of nearly \$900,000 for losses related to the structured notes, nearly \$990,000 for losses incurred in the managed accounts, interest on those amounts, and nearly \$470,000 in attorneys' fees, for a total of \$2,348,865. The claimants had sought damages of more than \$5 million.

The panel rejected the claimants' bid for punitive damages, and it also rejected a Stifel counterclaim.

Stifel "made no offer to settle the case, and we are grateful that the arbitrators were able to judge the evidence and conclude that the claimant met their burden of proof," Erez told FA-IQ.

A Stifel spokesperson declined to comment, and Roberts did not respond to an email seeking comment. During the hearing, Stifel withdrew an expungement request it had asserted on behalf of Roberts, who was not named in the claim.

Last month, Stifel was ordered to pay more than \$14 million in a Finra arbitration proceeding involving similar allegations against Roberts. Stifel has since asked a court to vacate that award. Erez and his firm also represented the claimants in that matter, and Erez said he represents investors in 13 other claims involving allegations against Roberts, one of two members of **The CR Wealth Management Group**, a New York-based firm on the Stifel, Nicolaus & Co. broker-dealer network.

Roberts' BrokerCheck record reflects 20 customer complaints since October 2022. Two pertain to the matters resolved through arbitration in the past six weeks; two were denied; one was withdrawn; and all but one of the remaining 15 assert allegations of fraud and breach of fiduciary duty.

Roberts in 2010 was ordered by a Finra arbitration panel to pay nearly \$380,000 over unsuitability claims.  [Login](#)

Earlier in 2010, he consented to a four-week suspension by Finra in response to claims that he had knowledge that a sales assistant on his advisory team "replaced customer email addresses with the sales assistant's firm email address to facilitate the opening of online accounts and to lessen the amount of communications that were received by the customers ...," according to a BrokerCheck disclosure.

"[T]herefore, trade confirmations were sent to the sales assistant rather than the customers although the customers continued to receive their monthly account statements ...," the disclosure states. Roberts, in a BrokerCheck response to that disclosure, noted that he neither admitted nor denied the allegations.

Roberts has been registered with Stifel since 2016, and he had spent the prior 11 years at **Morgan Stanley** and its Smith Barney predecessor brokerage.

Roberts first registered in 1990, at Lehman Brothers, and his career has also included stints at PaineWebber, M.J. Whitman Inc., and **Oppenheimer & Co.**

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