NEWS BROKER DEALERS

Stifel loses another big arbitration lawsuit involving star Miami broker

"Stifel Financial made no offer to settle," the client's attorney said.

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By Bruce Kelly

Stifel Financial Corp. saw its retail broker-dealer lose another multi-million-dollar lawsuit involving complex products and a star broker in south Florida, with a Finra arbitration panel last week ***awarding investors*** $2.35 million in the matter.

The broker-dealer Stifel Nicolaus & Co. Inc. is the home to Stifel Financial's network of retail financial advisors. However, the advisor at the heart of the dispute, Chuck Roberts in Miami Beach, was not sued in the matter, but referred to twice in the award, which was dated Nov. 8.

The three-person panel, under the aegis of Finra Dispute Resolution Services, which adjudicates investor and employee legal claims against brokerage firms, did not give any reasoning for its decision, according to the arbitration panel's order.

The bulk of the award, $1.9 million, was for costs related to callable structured note held in certain accounts. The remainder of the award was for attorneys' fees.

It was ***the second time*** in little over a month that Stifel Financial has lost an arbitration claim to customers in cases based on the sale of structured notes. A Finra arbitration panel in October awarded investors $14.2 million in a similar claim, including a stunning $9 million in punitive damages.

The plaintiffs in the $2.35 million award from last week, Douglas Muhlbauer and related entities, sued Stifel Nicolaus last year, claiming up to $5 million in damages. Muhlbauer alleged fraud, negligence, negligent supervision, and other claims in the complaint relating to investments in structured notes, a complex and potentially volatile product.

"As of now, we don't have any comment on the Finra arbitration ruling," a Stifel spokesperson said.

"Now, we have two Finra arbitration panels that have concluded, quite similarly, that Chuck Roberts' and Stifel's conduct is unacceptable and they must be held accountable," said Jeff Erez, an attorney for the plaintiffs in both claims cited in this article. "Stifel Financial made no offer to settle, and we feel our position is vindicated."

The performance of structured notes is typically tied to an underlying asset, such as a specific stock, or index, like the S&P 500 stock index.

InvestmentNews reported in 2023 that Robert was a 33-year industry veteran, working at Stifel since 2016. At the time, he was facing multiple investor claims seeking more than $20 million in damages.

Wall Street banks underwrite structured notes, which can be volatile because they are a hybrid of a bond and a derivative. Some notes have principal protection, but others don't, and investors can lose a portion or all of their principal, based on the terms of the note and market volatility.

"While structured notes may enable individual retail investors to participate in investment strategies that are not typically offered to them, these products can be very complex and have significant investment risks," a Securities and Exchange Commission bulletin to investors from 2015 stated. "Before investing in structured notes, you should understand how the notes work and carefully consider their risks."

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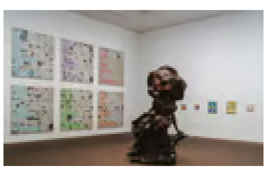

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