

Stifel Ordered to Pay \$2.4 Million Over Miami Broker's Structured Note Strategy

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News



Chuck Roberts, whose trading strategy has spawned over a dozen arbitration claims.

A month after Stifel Financial was ordered to pay \$14.3 million for failing to supervise a Miami broker's structured note strategy, the firm faces another award requiring it to pay \$2.4 million to another investor.

The two cases are tied to Miami broker Chuck A. Roberts, who since 2022 has had listed on his BrokerCheck record at least 16 claims seeking more than \$41.2 million in damages.

The three-person arbitration panel on Friday ordered that Stifel pay Douglas Muhlbauer, his insurance business and related accounts almost \$1.9 million in compensatory damages plus interest and \$470,000 in attorneys' fees, according to a Financial Industry Regulatory

Authority award. The compensatory damages include out-of-pocket costs of more than \$891,000 and \$987,000 for both the structured note strategy and Muhlbauer's managed accounts, respectively, according to the award.

In addition to failure to supervise, Muhlbauer accused the firm of breach of fiduciary duty, negligence, fraud and violations of the Florida Securities and Investor Protection Act and ERISA, according to the award. He had sought more than \$5 million in damages and unspecified punitive damages, interest, costs and fees.

"I think the panel looked at the evidence and made the right decision," said Muhlbauer's lawyer, Jeff Erez in Miami. "We think it's a good outcome and justice has been served."

Stifel denied the allegations and had initially sought for an expungement on Roberts' behalf but withdrew that request during the hearing, according to the award. The firm lost its bid to expunge Roberts' record in the prior case.

A spokesperson for Stifel declined to comment on the award or whether it would seek to appeal. The firm has said it will appeal the first award, which included \$9 million in punitive damages.

Roberts did not return a request for comment sent through email. Two other complaints filed since 2019 were denied and another was withdrawn, according to his BrokerCheck. He was not named as a respondent in the arbitration decided on Friday, and lawyers have said he is not named in the other pending claims.

Erez is pursuing more than a dozen claims against Stifel over its supervision of Roberts' trading strategy. He said previously that some of the notes, which Roberts built and sold, were heavily weighted with a volatile biotech index or frequently traded to generate commissions.

Another Florida plaintiff lawyer, James D. Sallah, said he has three pending cases.

Erez said he bolstered the failure to supervise claim with allegations that Roberts communicated about the investments with Muhlbauer through personal text messages in violation of industry record-keeping rules. Stifel was ordered by the Securities and Exchange Commission in September to pay \$35 million as part of its ongoing probe into unapproved texting on Wall Street.

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.

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