

**Award**  
**FINRA Dispute Resolution Services**

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In the Matter of the Arbitration Between:

Claimants

Louis R. Deluca  
Elizabeth Deluca  
UBS, Inc.

Case Number: 23-01288

vs.

Respondent

Stifel, Nicolaus & Co., Inc.

Hearing Site: Boca Raton, Florida

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Awards are rendered by independent arbitrators who are chosen by the parties to issue final, binding decisions. FINRA makes available an arbitration forum—pursuant to rules approved by the SEC—but has no part in deciding the award.

Nature of the Dispute: Customers vs. Member

This case was decided by an all-public panel.

**REPRESENTATION OF PARTIES**

For Claimants Louis R. Deluca (“L. Deluca”), Elizabeth Deluca (“E. Deluca”), and UBS, Inc. (“UBS”): Jeffrey Erez, Esq. and Stephan Apotheke, Esq., Erez Law, PLLC, Miami, Florida.

For Respondent Stifel, Nicolaus & Co., Inc.: G. Wayne Hillis, Jr., Esq., Justin Arpey, Esq. and Scott Zweigel, Esq., Bradley Arant Boult Cummings LLP, Atlanta, Georgia.

**CASE INFORMATION**

Statement of Claim filed on or about: May 9, 2023.

Amended Statement of Claim filed on or about: July 3, 2023.

Second Amended Statement of Claim filed on or about: February 13, 2024.

L. Deluca signed the Submission Agreement: May 6, 2023.

E. Deluca signed the Submission Agreement: May 9, 2023.

UBS signed the Submission Agreement: May 6, 2023.

Statement of Answer to Statement of Claim filed by Respondent on or about: June 29, 2023.

Statement of Answer to Second Amended Statement of Claim filed by Respondent on or about: March 4, 2024.

Stifel, Nicolaus & Co., Inc. signed the Submission Agreement: June 27, 2023.

### **CASE SUMMARY**

In the Statement of Claim, as amended, Claimants asserted the following causes of action: breach of fiduciary duty; negligence; negligent supervision; fraud; breach of contract; and violation of the Florida Securities and Investor Protection Act. The causes of action relate to Claimants' investments in structured notes.

Unless specifically admitted in the Statement of Answer to Statement of Claim and Statement of Answer to Second Amended Statement of Claim, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

### **RELIEF REQUESTED**

In the Statement of Claim, as amended, Claimants requested: compensatory damages of \$1,000,000.00 to \$5,000,000.00; punitive damages; interest; costs; attorneys' fees; and such other and further relief this Panel deems just and proper.

In the Statement of Answer to Statement of Claim and Statement of Answer to Second Amended Statement of Claim, Respondent requested: denial of Claimants' claims in their entirety; an award which awards Claimants nothing; costs and attorneys' fees pursuant to Claimants' Client Agreements with Respondent and/or Fla. Stat. § 517.211(6); assessment of all FINRA fees against Claimants; and expungement on behalf of Unnamed Person Chuck Roberts ("Roberts") of all references to Occurrence Number 2275924 from Central Registration Depository ("CRD") registration records (CRD Number 2064602).

### **OTHER ISSUES CONSIDERED AND DECIDED**

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

On or about February 5, 2024, Claimants filed an Unopposed Motion for Leave to Amend the Amended Statement of Claim. On or about February 7, 2024, Respondent filed a Response to the Motion. On or about February 13, 2024, the Panel issued an Order that granted the Motion for Leave to Amend the Amended Statement of Claim.

### **AWARD**

After considering the pleadings, the testimony and evidence presented at the hearing, and any post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent is liable for and shall pay to Claimants L. Deluca and E. Deluca the sum of \$1,998,311.00 in compensatory damages, which includes Florida Statute Chapter 517 interest through June 30, 2023. Additional interest on this amount will continue to accrue at the Florida Statutory interest rate from July 1, 2023, until paid in full.
2. Respondent is liable for and shall pay to Claimant UBS the sum of \$2,067,125.00 in compensatory damages, which includes Florida Statute Chapter 517 interest through June

30, 2023. Additional interest on this amount will continue to accrue at the Florida Statutory interest rate from July 1, 2023, until paid in full.

3. Included in the above-referenced awarded compensatory damages to Claimants is the Florida Statute Chapter 517 interest awarded at the various rates listed below. Respondent is liable for and shall pay to Claimants interest on the above awards of compensatory damages from the date of purchase of securities, January 1, 2021, until the date of disposition of the securities, June 30, 2023, as follows:
  - a. Respondent is liable for and shall pay to Claimants interest on the above-stated sums at the rate of 4.81% per annum from January 1, 2021, through and including March 31, 2021.
  - b. Respondent is liable for and shall pay to Claimants interest on the above-stated sums at the rate of 4.31% per annum from April 1, 2021, through and including June 30, 2021.
  - c. Respondent is liable for and shall pay to Claimants interest on the above-stated sums at the rate of 4.25% per annum from July 1, 2021, through and including June 30, 2022.
  - d. Respondent is liable for and shall pay to Claimants interest on the above-stated sums at the rate of 4.34% per annum from July 1, 2022, through and including September 30, 2022.
  - e. Respondent is liable for and shall pay to Claimants interest on the above-stated sums at the rate of 4.75% per annum from October 1, 2022, through and including December 31, 2022.
  - f. Respondent is liable for and shall pay to Claimants interest on the above-stated sums at the rate of 5.52% per annum from January 1, 2023, through and including March 31, 2023.
  - g. Respondent is liable for and shall pay to Claimants interest on the above-stated sums at the rate of 6.58% per annum from April 1, 2023, through and including June 30, 2023.
4. Respondent is liable for and shall pay to Claimants the sum of \$9,000,000.00 in punitive damages pursuant to common law and Florida Statute Chapters 768 and 517.
5. Respondent is liable for and shall pay to Claimants the sum of \$1,100,000.00 in attorneys' fees, pursuant to Florida Statute Chapter 517.
6. Respondent is liable for and shall pay to Claimants the sum of \$100,000.00 in costs.
7. Respondent's request for expungement on behalf of Unnamed Person Roberts (CRD Number 2064602) of Occurrence Number 2275924 from registration records maintained by the CRD is denied with prejudice.
8. Respondent shall pay Claimants the sum of \$625.00, representing reimbursement of the non-refundable portion of the initial claim filing fee paid by Claimants to FINRA Dispute Resolution Services.

9. Any and all claims for relief not specifically addressed herein, including any requests for attorneys' fees, are denied.

**FEES**

Pursuant to the Code of Arbitration Procedure, the following fees are assessed:

**Filing Fees**

FINRA Dispute Resolution Services assessed a filing fee\* for each claim:

Initial Claim Filing Fee	= \$	2,025.00
Counterclaim Filing Fee	= \$	1,600.00

*\*The filing fee is made up of a non-refundable and a refundable portion.*

**Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, Respondent is assessed the following:

Member Surcharge	= \$	3,200.00
Member Process Fee	= \$	6,375.00

**Discovery-Related Motion Fees**

Fees apply for each decision rendered on a discovery-related motion.

One (1) decision on a discovery-related motion on the papers with one (1) Arbitrator @ \$200.00/decision	= \$	200.00
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Claimants submitted one (1) discovery-related motion		
<hr/> Total Discovery-Related Motion Fees	= \$	200.00

The Panel has assessed \$100.00 of the discovery-related motion fees jointly and severally to Claimants.

The Panel has assessed \$100.00 of the discovery-related motion fees to Respondent.

**Hearing Session Fees and Assessments**

The Panel has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the Arbitrator(s), including a pre-hearing conference with the Arbitrator(s), which lasts four (4) hours or less. Fees associated with these proceedings are:

Four (4) pre-hearing sessions with a single Arbitrator @ \$450.00/session	= \$	1,800.00
Pre-Hearing Conferences: November 29, 2023	1 session	
April 10, 2024	1 session	
May 14, 2024	1 session	
June 6, 2024	1 session	

Two (2) pre-hearing sessions with the Panel @ \$1,435.00/session	= \$	2,870.00
Pre-Hearing Conferences: August 28, 2023	1 session	
June 4, 2024	1 session	

Thirty (30) hearing sessions @ \$1,435.00/session	= \$	43,050.00
Hearings:		
July 8, 2024	2 sessions	
July 9, 2024	3 sessions	
July 10, 2024	3 sessions	
July 11, 2024	3 sessions	
July 12, 2024	3 sessions	
July 15, 2024	3 sessions	
July 16, 2024	2 sessions	
July 17, 2024	2 sessions	
August 26, 2024	3 sessions	
August 27, 2024	3 sessions	
August 28, 2024	3 sessions	

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Total Hearing Session Fees	= \$	47,720.00
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The Panel has assessed \$2,560.00 of the hearing session fees jointly and severally to Claimants.

The Panel has assessed \$45,160.00 of the hearing session fees to Respondent.

All balances are payable to FINRA Dispute Resolution Services and are due upon receipt.

**ARBITRATION PANEL**

John B. Sochacki	-	Public Arbitrator, Presiding Chairperson
Stephanie Jeannette Charny	-	Public Arbitrator
Gustavo Gutierrez	-	Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument, which is my award.

**Concurring Arbitrators' Signatures**

***John B. Sochacki***

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John B. Sochacki  
Public Arbitrator, Presiding Chairperson

**10/03/2024**

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Signature Date

***Stephanie Jeannette Charny***

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Stephanie Jeannette Charny  
Public Arbitrator

**10/03/2024**

\_\_\_\_\_  
Signature Date

***Gustavo Gutierrez***

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Gustavo Gutierrez  
Public Arbitrator

**10/03/2024**

\_\_\_\_\_  
Signature Date

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October 03, 2024

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Date of Service (For FINRA Dispute Resolution Services use only)