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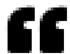
Complaint Filed Against Morgan Stanley Over Anthony Gallea's Covered Call Options Strategy

MDF Law announces the filing of a complaint against Morgan Stanley involving Anthony Gallea and Pelican Bay Wealth Group.

NEW YORK, NEW YORK, UNITED STATES, April 26, 2022 /EINPresswire.com/ -- MDF Law, announces the filing of a FINRA arbitration complaint against Morgan Stanley concerning Anthony Gallea's recommendation of a covered call options strategy. Mr. Gallea is the founder of the Pelican Bay Wealth Group at Morgan Stanley. According to its website, approximately 50% of Anthony Gallea's $3 billion book of business constituted covered call writing strategies. The arbitration complaint against Morgan Stanley concerns a covered call writing strategy recommended by Mr. Gallea and Pelican Bay Wealth Group. The complaint seeks to recover damages of over $900,000 and was filed before the Financial Industry Regulatory Authority, or FINRA. The index number for the complaint is 22-00898.



If you lost money investing in a cover call writing strategy through Morgan Stanley, call me at 212-658-1501. I represent other investors and may be able to help you."

Marc Fitapelli, Esq.

Investors with long-term, concentrated stock positions are often convinced by their financial advisers that a covered call strategy is a conservative hedge. It is not. Writing covered calls is not a risk reduction strategy – it creates entirely new risks. Covered calls are options contracts sold by the owner of a stock. The contract gives a buyer the right to purchase a stock in the future, at a specified price, from a seller who already owns it. The contract grants the buyer the right to purchase the stock if the price reaches a price, called the strike price, within the timeframe specified in the contract. The seller (or writer), of a covered call contract earns income (or premiums) from the buyer. Sellers of covered calls will lose money when the stock price goes down. These losses can be unlimited, and are easily understood by most investors. However, covered call investors can also lose money if the underlying stock goes up too quickly. This risk is often misunderstood by investors because it is counterintuitive (i.e. "why am I losing money if my stocks are going up?"). These losses can be unlimited and can wipe out the investor's entire stock portfolio.

Investors in this situation may be able to seek legal recourse by filing an arbitration against their financial adviser through the Financial Industry Regulatory Authority, or FINRA. Customers agree to arbitration under the terms of standard form account agreements. Brokerage firms like Morgan Stanley require all disputes to be handled through arbitration before FINRA. Under FINRA's rules, Morgan Stanley may be liable to customers who suffered losses in covered call strategies if any of the following are true:

Pictured: Attorney Marc Fitapelli, MDF Law

• You did not understand the risks of writing covered calls, including the risk that you could lose your entire principal if the stock rises too quickly.
• You were led to believe that covered calls were a more conservative option than simply continuing to hold a concentrated stock position.
• You did not need the income or tax liability associated with writing covered calls.
• You experienced losses of more than $100,000 in losses (actual or opportunity costs).

If any of the foregoing are true, you may be able to file an arbitration complaint to recover your investment losses. MDF Law is a New York city based law firm that exclusively represents investors in FINRA arbitrations. If you or someone you know lost money investing in a covered call options strategy through Morgan Stanley, please call attorneys Marc Fitapelli or Jeffrey Saxon at 800-767-8040 for a free and confidential consultation.

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