

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Claimants

Obdulio Melendez Ramos
Ramon Velez Garcia
Carlos L. Merced

Case Number: 14-03016

vs.

Respondents

UBS Financial Services Inc.
UBS Financial Services Inc. of Puerto Rico

Hearing Site: San Juan, Puerto Rico

Nature of the Dispute: Customers vs. Members

This case was decided by a majority-public panel.

REPRESENTATION OF PARTIES

For Claimants Obdulio Melendez Ramos (“Ramos”), Ramon Velez Garcia (“Garcia”) and Carlos L. Merced (“Merced”): Peter J. Mougey, Esq., Paige Poerschke, Esq. and Michael Bixby, Esq., Levin Papantonio Thomas, Pensacola, Florida, and John F. Nevares, Esq., John F. Nevares & Associates, San Juan, Puerto Rico.

For Respondents UBS Financial Services Inc. (“UBS”) and UBS Financial Services Inc. of Puerto Rico (“UBSPR”): Richard C. Szuch, Esq. and Kathryn Burfitt Rockwood, Esq., Bressler, Amery & Ross, P.C., Florham Park, New Jersey, and Roberto C. Quinones-Rivera, McConnell Valdes LLC, San Juan, Puerto Rico.

CASE INFORMATION

Statement of Claim filed on or about: October 3, 2014.
Ramos signed the Submission Agreement: October 3, 2014.
Garcia signed the Submission Agreement: October 3, 2014.
Merced signed the Submission Agreement: October 3, 2014.

Statement of Answer filed by Respondents UBS and UBSPR on or about: February 10, 2015.

UBS signed the Submission Agreement: October 14, 2014.
UBSPR signed the Submission Agreement: October 22, 2014.

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty; violation of industry rules; breach of contract; fraud; violation of §12(a)(2) of the Securities Act of 1933; false inducements to inaction; negligent supervision; and violation of Article 1802 of the Civil Code of Puerto Rico 31 Laws of Puerto Rico Annotated [L.P.R.A.] §§5141 and 3021. The causes of action relate to the alleged overconcentration of Claimants' account holdings in Puerto Rico closed-end bond fund securities.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, Claimants requested: damages according to proof, but not less than \$499,350.00; interest on Claimants' losses or any award made herein, at the highest applicable rate; costs, reasonable legal fees and expenses, to the extent recoverable under any rule, regulation or doctrine of law; punitive damages; and such other and additional damages and relief as may be shown at hearing, which the Panel deemed just and equitable.

At the close of the hearing, Claimants requested compensatory damages in an amount between \$455,484.00 and \$570,243.00.

In their Statement of Answer, Respondents UBS and UBSPR requested: that Claimants take nothing by their claims and that their claims be dismissed in their entirety, with prejudice; that all FINRA fees and costs be assessed against Claimants; that the Panel make specific findings to allow the expungement of any record of this arbitration from the Central Registration Depository ("CRD") of non-party Jose Zorrilla ("Zorrilla") and any other relevant UBS employee; and for such other and further relief as the Panel deemed just and equitable.

OTHER ISSUES CONSIDERED AND DECIDED

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

Inasmuch as Respondents did not reassert their request for expungement on behalf of non-party Jose Zorrilla or any other UBS or UBSPR employee at the hearing, the Panel deemed this request to be withdrawn.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

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

1. Respondents are jointly and severally liable and shall pay compensatory damages in the amount of \$212,600.00 to Claimant Ramos.
2. Respondents are jointly and severally liable and shall pay compensatory damages in the amount of \$30,000.00 to Claimant Garcia.
3. Respondents are jointly and severally liable and shall pay compensatory damages in the amount of \$50,120.00 to Claimant Merced.
4. Respondents are jointly and severally liable and shall pay interest on the compensatory damages amounts in items 1, 2 and 3 above at the rate of 3.00% per annum from January 1, 2015, until this Award is paid in full.
5. Respondents are jointly and severally liable for and shall pay to Claimants attorneys' fees in the amount of \$90,000.00 pursuant to the Securities Act of 1933.
6. Respondents are jointly and severally liable and shall pay costs in the amount of \$87,783.66 to Claimants.
7. Respondents UBS and UBSPR are jointly and severally liable and shall pay to Claimants the sum of \$300.00 representing reimbursement of the non-refundable portion of the claim filing fee previously paid by Claimants to FINRA's Office of Dispute Resolution.
8. Any and all relief not specifically addressed herein, including Claimants' request for punitive damages, is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial Claim Filing Fee	=\$ 1,425.00
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**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, Respondents UBS and UBSPR are assessed the following:

UBS

Member Surcharge	=\$ 1,700.00
Pre-Hearing Processing Fee	=\$ 750.00
Hearing Processing Fee	=\$ 2,750.00

UBSPR

Member Surcharge	= \$ 1,700.00
Pre-Hearing Processing Fee	= \$ 750.00
Hearing Processing Fee	= \$ 2,750.00

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), that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with a single arbitrator @ \$450.00/session = \$450.00
Pre-hearing conference: December 16, 2015 1 session

One (1) Pre-hearing session with the Panel @ \$1,125.00/session = \$1,125.00
Pre-hearing conference: February 11, 2015 1 session

Twenty-six (26) Hearing sessions @ \$1,125.00/session = \$29,250.00
Hearing Dates: January 11, 2016 2 sessions
January 12, 2016 3 sessions
January 13, 2016 3 sessions
January 14, 2016 2 sessions
January 15, 2016 2 sessions
February 22, 2016 2 sessions
February 23, 2016 3 sessions
February 24, 2016 3 sessions
February 25, 2016 3 sessions
February 26, 2016 3 sessions

Total Hearing Session Fees = \$30,825.00

The Panel has assessed \$30,825.00 of the hearing session fees jointly and severally to Respondents UBS and UBSPR.

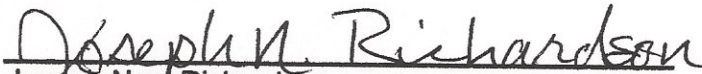
All balances are payable to FINRA Dispute Resolution and are due upon receipt.

ARBITRATION PANEL

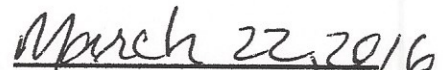
Joseph Neal Richardson	-	Public Arbitrator, Presiding Chairperson
Frederick H. Bruce	-	Non-Public Arbitrator
Edward Arthur Horton	-	Public Arbitrator

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



Joseph Neal Richardson
Public Arbitrator, Presiding Chairperson



Signature Date

Frederick H. Bruce
Non-Public Arbitrator

Signature Date



Edward Arthur Horton
Public Arbitrator



Signature Date

March 24, 2016

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

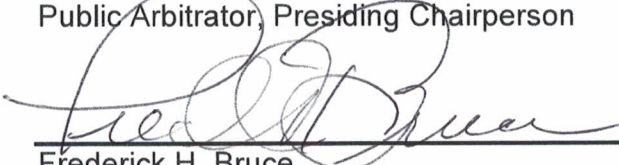
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