

Award
FINRA Office of Dispute Resolution

In the Matter of the Arbitration Between:

Claimants

Condado Motors, Inc.
Teresa Rosas

Case Number: 14-03811

vs.

Respondents

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

Hearing Site: San Juan, Puerto Rico

Nature of the Dispute: Customers vs. Members

This case was decided by an all-public panel.

REPRESENTATION OF PARTIES

For Claimants Condado Motors, Inc. (“Condado”) and Teresa Rosas (“Rosas”): Luis E. Miñana, Esq., Espada, Miñana & Pedrosa Law Offices, PSC, San Juan, Puerto Rico and Eric Quetglas Jordan, Esq., Quetglas Law Offices, San Juan, Puerto Rico.

For Respondents UBS Financial Services Inc. of Puerto Rico (“UBSPR”) and UBS Financial Services Inc. (“UBS”): Andrew W. Sidman, Esq., Angela A. Turiano, Esq. and David Butler, Esq., Bressler, Amery & Ross, P.C., New York, New York and Roberto C. Quiñones-Rivera, Esq. and Dalina Sumner, Esq., McConnell Valdéz LLC, Hato Ray, Puerto Rico.

CASE INFORMATION

Statement of Claim filed on or about: December 15, 2014.

Condado Motors, Inc. signed the Submission Agreement: December 15, 2014.

Teresa Rosas signed the Submission Agreement: December 15, 2014.

Statement of Answer filed by Respondents on or about: April 6, 2015.

UBSPR signed the Submission Agreement: March 9, 2015.

UBS signed the Submission Agreement: January 15, 2015.

Memorandum of Statutory Costs Pursuant to Puerto Rico Rule of Civil Procedure 44.1 (“Memorandum of Costs”) filed by Claimants on or about: October 4, 2016.

Opposition to Claimants’ Request for Costs filed by Respondents on or about: October 20, 2016.

Supplemental Memorandum of Statutory Costs Pursuant to Puerto Rico Rule of Civil Procedure 44.1 filed by Claimants on or about: October 26, 2016.

CASE SUMMARY

Claimants asserted the following cause of action: violation of the Federal Securities Act; violation of the Puerto Rico Securities Act – 10 L.P.R.A. Section 890; and fault, fraud, deceit, recklessness and negligence. The causes of action relate to Claimants' investments in Puerto Rico bonds, shares of Puerto Rico closed-end funds and the use of loan proceeds to purchase securities.

Unless specifically admitted in the Statement of 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: no less than \$3,899,881.40 to Claimant Condado for the loss in net asset value of its account; no less than \$92,930.54 to Claimant Rosas for the loss in the net asset value of her account; the unrealized investment return of the Claimants over the lost monies as of the date of the filing of this claim; reimbursement of the principal and interest payments made by Claimant Condado for the line of credit loan; reimbursement or disgorgement of all monies paid for the purchase of the voided PR securities, transaction fees, commissions and other charges related to the purchase and sale of the Puerto Rico securities, and for the loan transactions; rescission of contracts; attorneys' fees, plus all consultants' fees, arbitration costs and expenses; legal interest accrued over the aforesaid monetary amounts; punitive damages; and any such other and further relief as the Panel deemed just and appropriate.

At the close of the hearing, Claimants requested: \$4,662,278.00 to Claimant Condado; \$461,741.00 to Claimant Rosas; attorneys' fees; costs; interest; and disgorgement of commissions, fees and loan interest.

In the Statement of Answer, Respondents requested: dismissal of Claimants' claims in their entirety, with prejudice, and that Claimants take nothing by their claims; assessment of all FINRA fees and costs against Claimants; expungement of any record of this arbitration from the Central Registration Depository ("CRD") records of non-party Jose Chaves ("Chaves"); and such other and further relief as 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.

On October 4, 2016, Claimants filed a Memorandum of Costs in which they requested that, in the event that they prevail on the merits of their claim, as part of the Award, they be granted statutory costs related to witnesses' fees and hearing transcript expenses based on Puerto Rico Rule of Civil Procedure 44.1. In their Opposition to Claimants' Request for Costs, Respondents stated that Claimants have provided no rationale for awarding expert witness fees and no such grounds exist; the expert witness invoices are too vague and ambiguous; and Claimants already agreed to share the costs of the hearing transcripts. In

their Supplemental Memorandum of Costs, Claimants provided an updated amount of their costs. Before closing arguments at the evidentiary hearing, the Panel heard oral argument on this issue and ruled on Claimants' Memorandum of Costs as set forth in the Award section below.

In their Pre-hearing Brief, Claimants specifically abandoned their claim under Puerto Rico Securities Act (10 L.P.R.A. § 890) and their claim for punitive damages asserted in the Statement of Claim. Pursuant to Rule 12702(b) of the Code of Arbitration Procedure (the "Code"), the Panel deemed said claims to be withdrawn with prejudice, as Respondents had already filed an Answer to the Statement of Claim.

Claimants requested an explained decision at the time of filing their Pre-hearing Brief. Respondents did not join in on that request. Therefore, the Panel declined to enter a reasoned decision.

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 Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents are jointly and severally liable on the claim of negligence and shall pay to Claimant Condado Motors the sum of \$549,000.00 in compensatory damages. The Panel further directs that if Claimant Rosas still has all 17,040 of her shares in UBS PR Fixed Income Fund III, whether in her account with Respondent UBSPR, or elsewhere, Respondents shall purchase all such shares at a price of \$9.70 per share, without deduction for any sales expenses. If Claimant Rosas has sold all or any part of such shares, Respondents shall purchase any remaining shares she holds at \$9.70 per share, without deduction for any sales expenses, and shall pay her the difference of \$9.70 minus the price per share at which she sold, multiplied by the number of shares sold.
2. Respondents are jointly and severally liable for and shall pay to Claimants the sum of \$62,251.51 in costs.
3. Other than forum fees which are specified below, and costs as set forth in paragraph 2 in this Award, the parties shall each bear their own expenses incurred in this matter.
4. Respondents' request for expungement of non-party Chaves' CRD (CRD# 1854754) records is denied.
5. Any and all relief not specifically addressed herein, including Claimants' request for interest and attorneys' fees, is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial Claim Filing Fee	=\$ 2,000.00
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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 parties, Respondents UBS and UBSPR are assessed the following:

Respondent UBSPR

Member Surcharge	=\$ 3,025.00
Member Process Fee	=\$ 6,175.00

Respondent UBS

Member Surcharge	=\$ 3,025.00
Member Process Fee	=\$ 6,175.00

Discovery-Related Motion Fee

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

Two (2) decisions on discovery-related motions on the papers With one (1) arbitrator @ \$200.00/decision	=\$ 400.00
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Respondents submitted two (2) discovery-related motions

Total Discovery-Related Motion Fee	=\$ 400.00
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The Panel has assessed the total \$400.00 discovery-related motion fee jointly and severally to Respondents.

Contested Motion for Issuance of Subpoena Fee

Fees apply for each decision on a contested motion for the issuance of a subpoena.

One (1) Decision on a contested motion for the issuance of a subpoena With one (1) arbitrator @ \$200.00	=\$ 200.00
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Total Contested Motion for Issuance of Subpoena Fee	=\$ 200.00
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The Panel has assessed the total \$200.00 contested motion for issuance of a subpoena fee jointly and severally to Respondents.

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 the Panel @ \$1,400.00/session	= \$ 1,400.00
Pre-hearing conference: June 1, 2015 1 session	
Twenty-seven (27) hearing sessions @ \$1,400.00/session	= \$37,800.00
Hearing Dates:	
July 25, 2016 2 sessions	
July 26, 2016 2 sessions	
July 27, 2016 2 sessions	
July 28, 2016 2 sessions	
July 29, 2016 2 sessions	
October 24, 2016 2 sessions	
October 25, 2016 3 sessions	
October 26, 2016 3 sessions	
October 27, 2016 3 sessions	
October 28, 2016 3 sessions	
October 29, 2016 3 sessions	
<hr/> Total Hearing Session Fees	<hr/> = \$39,200.00

The Panel has assessed the total \$39,200.00 in hearing session fees jointly and severally to Respondents.

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

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ARBITRATION PANEL

Langfred W. White	-	Public Arbitrator, Presiding Chairperson
Thomas Joseph Atkinson, Sr.	-	Public Arbitrator
Jaime J. Aponte-Parsi	-	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

Langfred W. White
Public Arbitrator, Presiding Chairperson



Thomas Joseph Atkinson, Sr.
Public Arbitrator

Signature Date

11-19-16
Signature Date

Jaime J. Aponte-Parsi
Public Arbitrator

Signature Date

November 18, 2016

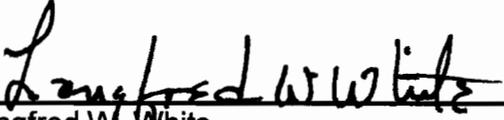
Date of Service (For FINRA Office of Dispute Resolution use only)

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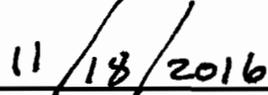
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Public Arbitrator, Presiding Chairperson



Signature Date

Thomas Joseph Atkinson, Sr.
Public Arbitrator

Signature Date

Jaime J. Aponte-Parsi
Public Arbitrator

Signature Date

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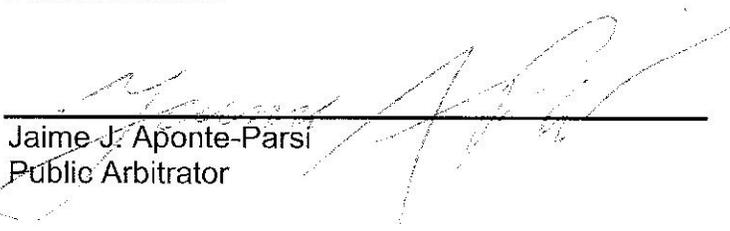
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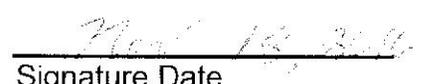
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Public Arbitrator



Signature Date

November 18, 2016

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