

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Claimants

Jose Antonio Chevres
Florencio E. De Jesus
Margarita Vazquez

Case Number: 14-02995

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 an all-public panel.

REPRESENTATION OF PARTIES

For Claimants Jose Antonio Chevres, Florencio E. De Jesus and Margarita Vazquez: Peter J. Mougey, Esq., Page A. Poerschke, Esq. and Michael C. Bixby, Esq., Levin, Papantonio, Thomas, Mitchell, Rafferty & Proctor, P.A., Pensacola, Florida and John Nevares, Esq., John F. Nevares & Associates, PSC, San Juan, Puerto Rico.

For Respondents UBS Financial Services Inc. ("UBS") and UBS Financial Services Inc. of Puerto Rico ("UBSPR"): Bradley B. Rounsaville, Esq. and Joel M. Everest, Esq., Bressler, Amery & Ross, P.C., Birmingham, Alabama and Roberto C. Quinones-Rivera, Esq., McConnell Valdes, LLC, San Juan, Puerto Rico.

CASE INFORMATION

Statement of Claim filed on or about: October 2, 2014.

Jose Antonio Chevres signed the Submission Agreement: October 2, 2014.

Florencio E. De Jesus signed the Submission Agreement: October 2, 2014.

Margarita Vazquez signed the Submission Agreement: October 2, 2014.

Statement of Answer filed by Respondents on or about: January 23, 2015.

UBS Financial Services Inc. signed the Submission Agreement: October 7, 2014.

UBS Financial Services Inc. of Puerto Rico signed the Submission Agreement: October 7, 2014.

Respondents' Motion to Sever filed on or about: January 23, 2015.

Claimants' Response to Respondents' Motion to Sever filed on or about: February 3, 2015.

Respondents' Reply in Support of Motion to Sever filed on or about: February 13, 2015.

CASE SUMMARY

Claimants asserted the following causes of action: fraud; breach of fiduciary duty; negligence; violations of FINRA rules, industry standards, federal law and statutes of Puerto Rico; breach of contract; violation of §12(a)(2) of the Securities Act of 1933; false inducements to inaction; negligent supervision; violation of Article 1802 of the Civil Code of Puerto Rico, 31 Laws of Puerto Rico Annotated [L.P.R.A.] §§5141, 3020 and 3021; and suitability. The causes of action relate to, among other things, Claimants' investments in Puerto Rico closed-end mutual funds concentrated in Puerto Rico bonds.

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: compensatory damages of not less than \$185,970.00; interest at the highest applicable rate; costs, reasonable legal fees and expenses; punitive damages; and such other and additional damages and relief (whether disgorgement of profits, unjust enrichment, restitution, non-monetary, declaratory judgment, equitable or otherwise) as may be shown at hearing and which the Panel deemed just and equitable.

In their Statement of Answer, Respondents requested dismissal of all of Claimants' claims and that the Panel make specific findings to allow the expungement of any record of this arbitration from the Central Registration Depository ("CRD") records of any affected UBS personnel.

OTHER ISSUES CONSIDERED AND DECIDED

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

In their Motion to Sever, Respondents asserted, among other things, that: Claimants' claims do not meet the requirements for joinder because Claimants are not asserting any right to relief jointly and severally; the claims do not arise out of the same transaction or occurrence; and the joinder of Claimants' claims will be unfairly prejudicial to Respondents. In their Response to the Motion to Sever, Claimants asserted, among other things, that: Claimants' claims are strikingly similar to one another; and many similar factual and legal questions exist that arise from similar transactions or occurrences and a similar pattern of conduct by Respondents. On or about March 16, 2015, following a telephonic conference with the parties, the Panel issued an Order which denied the Motion to Sever.

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 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 UBS and UBSPR are liable, jointly and severally, for unsuitability and shall pay to Claimants Jose Antonio Chevres and Margarita Vazquez compensatory damages in the sum of \$143,742.00 plus interest at the Puerto Rico statutory rate accruing from December 31, 2012, until the date the Award is satisfied.
2. Respondents UBS and UBSPR are liable, jointly and severally, for unsuitability and shall pay to Claimant Florencio E. De Jesus compensatory damages in the sum of \$65,318.00 plus interest at the Puerto Rico statutory rate accruing from December 31, 2012, until the date the Award is satisfied.
3. Respondents UBS and UBSPR are liable, jointly and severally, and shall pay to Claimants costs, including expert witness fees, in the sum of \$91,473.90.
4. Respondents UBS and UBSPR are liable, jointly and severally, 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.
5. Respondents UBS and UBSPR are liable, jointly and severally, and shall pay to Claimants attorneys' fees in the sum of \$62,718.00 pursuant to Cassedy vs. Merrill Lynch, Pierce, Fenner & Smith, Inc., 751 So. 2d 143, 149 (Fla. 1st DCA 2000) and First Interregional Equity Corp. v. Haughton, 842 F. Supp. 105 (S.D.N.Y. 1994).
6. Respondents requested expungement in their Statement of Answer but did not include the request in their final relief request during the evidentiary hearing. The Panel deemed the request for expungement withdrawn without prejudice.
7. Any and all relief not specifically addressed herein, including Claimants' request for punitive damages, is denied.

FEES

Pursuant to the Code of Arbitration Procedure, 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, as parties, Respondents UBS and UBSPR are assessed the following:

Respondent UBS:

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

Respondent 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:

Three (3) Pre-hearing sessions with the Panel @ \$1,125.00/session	= \$ 3,375.00
Pre-hearing conferences: February 11, 2015	1 session
March 16, 2015	1 session
March 17, 2016	1 session

Eighteen (18) Hearing sessions @ \$1,125.00/session	= \$20,250.00
Hearing Dates: March 7, 2016	2 sessions
March 8, 2016	3 sessions
March 9, 2016	2 sessions
March 10, 2016	2 sessions
March 11, 2016	1 session
April 16, 2016	2 sessions
April 17, 2016	2 sessions
April 18, 2016	2 sessions
April 19, 2016	2 sessions

Total Hearing Session Fees = \$23,625.00

The Panel has assessed the entire hearing session fees of \$23,625.00 jointly and severally to Respondents.


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

ARBITRATION PANEL

Tina E. Patterson	-	Public Arbitrator, Presiding Chairperson
Colleen Rotella	-	Public Arbitrator
Lance A. Harke	-	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



Tina E. Patterson
Public Arbitrator, Presiding Chairperson



Signature Date

Colleen Rotella
Public Arbitrator

Signature Date

Lance A. Harke
Public Arbitrator

Signature Date

June 29, 2016

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

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Public Arbitrator, Presiding Chairperson

Signature Date

6/29/2016

Colleen Rotella/s/
Colleen Rotella
Public Arbitrator

Signature Date

Lance A. Harke
Public Arbitrator

Signature Date

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Tina E. Patterson
Public Arbitrator, Presiding Chairperson

Signature Date

Colleen Rotella
Public Arbitrator

Signature Date



Lance A. Harke
Public Arbitrator

6/29/16

Signature Date

June 29, 2016

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