

Award
FINRA Office of Dispute Resolution

In the Matter of the Arbitration Between:

Claimants

Luis Moyett
Ludida PR, Inc.
DDL Jerico SE
Joseph R. Quijano
Carmen D. Quijano
JCQ Foods, Inc.
JQ Enterprises, Inc.

Case Number: 15-01833

vs.

Respondents

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

Hearing Site: Atlanta, Georgia

Nature of the Dispute: Customers vs. Members

This case was decided by an all-public panel.

REPRESENTATION OF PARTIES

For Claimants Luis Moyett, Ludida PR, Inc., and DDL Jerico SE, hereinafter referred to as the "Moyett Claimants" and Joseph R. Quijano, Carmen D. Quijano, JCQ Foods, Inc., and JQ Enterprises, Inc., hereinafter referred to as the "Quijano Claimants": Peter J. Mougey, Esq., Michael C. Bixby, Esq. and Page A. Poerschke, Esq., Levin Papantonio Thomas Mitchell Rafferty Proctor P.A., Pensacola, Florida.

For Respondents UBS Financial Services, Inc. ("UBS") and UBS Financial Services, Inc. of Puerto Rico ("UBSPR"): Brian F. Amery, Esq., Bradley B. Rounsaville, Esq. and Gregg M. McCormick, Esq., Bressler, Amery & Ross, P.C., Birmingham, Alabama.

CASE INFORMATION

Statement of Claim filed on or about: July 21, 2015.

Luis Moyett signed the Submission Agreement: July 21, 2015.

Ludida PR, Inc. signed the Submission Agreement: July 21, 2015.

DDL Jerico SE signed the Submission Agreement: July 21, 2015.

Joseph R. Quijano signed the Submission Agreement: July 21, 2015.

Carmen D. Quijano signed the Submission Agreement: July 21, 2015.

JCQ Foods, Inc. signed the Submission Agreement: July 21, 2015.

JQ Enterprises, Inc. signed the Submission Agreement: July 21, 2015.

Amended Statement of Claim filed on or about: December 16, 2015.

Statement of Answer filed by Respondents on or about: February 1, 2016.
UBS signed the Submission Agreement: November 4, 2015.
UBSPR signed the Submission Agreement: September 25, 2015.

CASE SUMMARY

In the Statement of Claim and in the Amended Statement of Claim, Claimants asserted the following causes of action: breach of fiduciary duty; violation of industry rules; breach of contract; negligence; fraud; violation of Section 12(A) of Securities Act of 1933; false inducement 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, 3020 and 3021. The causes of action relate to the purchase of Puerto Rico municipal closed-end funds and Puerto Rico bonds, and the use of lines of credit as investment strategies in Claimants' accounts.

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

RELIEF REQUESTED

In the Statement of Claim and in the Amended Statement of Claim, Claimants requested: damages according to proof, but not less than \$21,851,000.00, plus interest on Claimants' losses or any award made herein, at the highest applicable rate; Claimants' 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 (whether disgorgement of profits, unjust enrichment, rescission, restitution, non-monetary, declaratory judgment, equitable or otherwise) as may be shown at hearing and which the Panel deemed just and equitable.

In the Statement of Answer, Respondents requested: that Claimants take nothing by their claims and that their claims be dismissed in their entirety, with prejudice; an assessment of all FINRA fees and costs against Claimants; 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 financial advisors or other UBS personnel identified in the Statement of Claim or otherwise affected by the Statement of Claim; and such other and further relief as the arbitration Panel deemed just and equitable.

At the close of the hearing, in its Closing Brief, Claimants' final damage request ranged from \$14,625,309.00 for capital losses to alternative calculations for market adjusted damages ranging from \$13,514,048.00 to \$24,673,818.00.

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 December 16, 2015, Claimant filed an Amended Statement of Claim to provide additional background information in the narrative of the Statement of Claim.

On or about January 23, 2017, Respondents filed a Motion to Dismiss the Quijano Claimants' claims in which they asserted that the Quijano Claimants had signed two settlement agreements about the same claims and transactions with Respondents prior to commencing this arbitration, and that therefore, the Quijano Claimants' claims should be dismissed pursuant to Rule 12504(a)(6)(A) of the Code of Arbitration Procedure (the "Code"). In their Response, the Quijano Claimants argued that they were induced by Respondents into signing these agreements through misrepresentations and omissions of material facts, and that because of Puerto Rico's unique statutory fiduciary duty, the claims were not released. Respondents replied that the Quijano Claimants opted to enter into these settlement agreements rather than pursue other options available for paying off their credit line debts totaling approximately \$1,300,000.00, that Respondents did not conceal material facts that would render the settlement agreements void, and that the claims had been released. On June 7, 2017, the Panel conducted a recorded telephonic hearing so the parties could present oral arguments on Respondents' Motion to Dismiss. Thereafter, the Panel issued an Order in which it denied without prejudice Respondents' Motion to Dismiss.

On or about November 9, 2017, the Quijano Claimants filed with FINRA Office of Dispute Resolution a notice of settlement of their claims against Respondents. Accordingly, the Panel made no determination with respect to the Quijano Claimants' relief requests.

The parties present at the hearing 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, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents are jointly and severally liable for and shall pay to the Moyett Claimants the amount of \$14,909,019.00 in compensatory damages.
2. Respondents are jointly and severally liable for and shall pay to the Moyett Claimants 5% post-award interest on the amount of compensatory damages awarded, commencing on the date of the Award and continuing until the compensatory damages Award is paid in full.
3. Respondents are jointly and severally liable for and shall pay to the Moyett Claimants attorneys' fees in the amount of \$3,878,344.94, pursuant to the contingency fee contract, equitable relief based on the facts of the case and the Securities Act of 1933. Said fees are in addition to FINRA forum fees and Claimants' costs.

4. Respondents are jointly and severally liable for and shall pay to the Moyett Claimants costs in the sum of \$215,557.00.
5. Respondents are jointly and severally liable for and shall reimburse the Moyett Claimants the sum of \$750.00, representing the non-refundable portion of the initial claim filing fee previously paid by Claimants to FINRA Office of Dispute Resolution.
6. Respondent did not renew its request for expungement during the evidentiary hearing. Accordingly, the Panel deemed the request to have been withdrawn.
7. Any and all claims for relief not specifically addressed herein, including the Moyett Claimants' requests for punitive damages, are 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	=\$ 2,250.00
--------------------------	--------------

*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 UBS is assessed the following:

Member Surcharge	=\$ 4,025.00
Member Process Fee	=\$ 7,000.00

Postponement Fees

Postponements granted during these proceedings for which fees were assessed or waived:

January 29, 2018, to February 9, 2018, postponement by Claimants	=\$ 1,500.00
--	--------------

Total Postponement Fee	=\$ 1,500.00
------------------------	--------------

The Panel has assessed \$750.00 of the adjournment fee jointly and severally to the Moyett Claimants.

The Panel has assessed \$750.00 of the adjournment fee jointly and severally to Respondents.

Last-Minute Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

January 29, 2018, to February 9, 2018, postponement by Claimants	= \$ 1,800.00
<hr/>	
Total Last-Minute Cancellation Fee	= \$ 1,800.00

The Panel has assessed \$900.00 of the last minute cancellation fee jointly and severally to the Moyett Claimants.

The Panel has assessed \$900.00 of the last minute cancellation fee jointly and severally to Respondents.

Discovery-Related Motion Fee

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
--	-------------

Respondents submitted one (1) discovery-related motion

Total Discovery-Related Motion Fee	= \$ 200.00
------------------------------------	-------------

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

The Panel has assessed \$100.00 of the discovery-related motion 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:

Two (2) pre-hearing sessions with a single arbitrator @ \$450.00/session	= \$ 900.00
Pre-hearing conferences: July 6, 2018	1 session
July 27, 2018	1 session

Four (4) pre-hearing sessions with the Panel @ \$1,500.00/session	= \$ 6,000.00
Pre-hearing conferences: March 31, 2016	1 session
June 7, 2017	1 session
December 28, 2017	1 session
February 16, 2018	1 session

Thirty-five (35) hearing sessions @ \$1,500.00/session	= \$52,500.00
Hearing Dates: July 9, 2018	3 sessions
July 10, 2018	3 sessions

July 11, 2018	3 sessions
July 12, 2018	3 sessions
July 13, 2018	2 sessions
July 30, 2018	2 sessions
July 31, 2018	2 sessions
August 1, 2018	2 sessions
August 2, 2018	3 sessions
August 3, 2018	2 sessions
August 13, 2018	2 sessions
August 14, 2018	2 sessions
August 15, 2018	2 sessions
August 16, 2018	2 sessions
August 17, 2018	2 sessions

Total Hearing Session Fees	= \$59,400.00
----------------------------	---------------

The Panel has assessed \$750.00 of the hearing session fees jointly and severally to Claimants.

The Panel has assessed \$1,950.00 of the hearing session fees jointly and severally to the Moyett Claimants.

The Panel has assessed \$56,700.00 of the hearing session fees jointly and severally to Respondents.


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

ARBITRATION PANEL

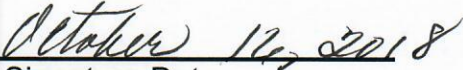
Mollie Wagner Neal	-	Public Arbitrator, Presiding Chairperson
Robert N. Leitch	-	Public Arbitrator
Ronelle W. Genser	-	Public Arbitrator

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



Mollie Wagner Neal
Public Arbitrator, Presiding Chairperson



Signature Date

Robert N. Leitch
Public Arbitrator

Signature Date

Ronelle W. Genser
Public Arbitrator

Signature Date

OCTOBER 19, 2018

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

ARBITRATION PANEL

Mollie Wagner Neal	-	Public Arbitrator, Presiding Chairperson
Robert N. Leitch	-	Public Arbitrator
Ronelle W. Genser	-	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.

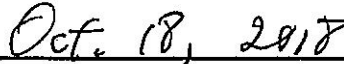
Concurring Arbitrators' Signatures

Mollie Wagner Neal
Public Arbitrator, Presiding Chairperson

Signature Date



Robert N. Leitch
Public Arbitrator



Signature Date

Ronelle W. Genser
Public Arbitrator

Signature Date

OCTOBER 19, 2018

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

ARBITRATION PANEL

Mollie Wagner Neal	-	Public Arbitrator, Presiding Chairperson
Robert N. Leitch	-	Public Arbitrator
Ronelle W. Genser	-	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.

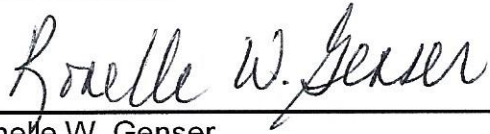
Concurring Arbitrators' Signatures

Mollie Wagner Neal
Public Arbitrator, Presiding Chairperson

Signature Date

Robert N. Leitch
Public Arbitrator

Signature Date



Ronelle W. Genser
Public Arbitrator



Signature Date

OCTOBER 19, 2018

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