

Puerto Rico Securities Arbitration Settlements and Awards Likely to Exceed \$1.25 Billion

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Introduction

In 2013, a shrinking economy and the government’s loss of continued access to capital markets necessary to make interest payments, refinance principal coming due and to fund an unsustainable government deficit caused Puerto Rico tax exempt bond prices to fall substantially.

Puerto Rico brokerage firms’ customers held poorly diversified securities accounts, concentrated in Puerto Rico municipal bonds or closed end funds that held leveraged portfolios of Puerto Rico municipal bonds. Often these accounts were further leveraged using margin debt, lines of credit or proceeds from non-purpose loans recycled through third-party banks.

The decline in Puerto Rico municipal bond prices combined with widespread concentrated and leveraged brokerage accounts wiped out many Puerto Rican’s investment portfolios in the second half of 2013.

Settlements and awards recently exceeded \$600 million as a result of resolving just 2,017 cases. With 1,518 cases still pending and likely another 500 to be filed, total settlements and awards in securities arbitrations in Puerto Rico will be between \$1 billion and \$1.5 billion. See Figure 1.

Figure 1: Monetary Results to Date

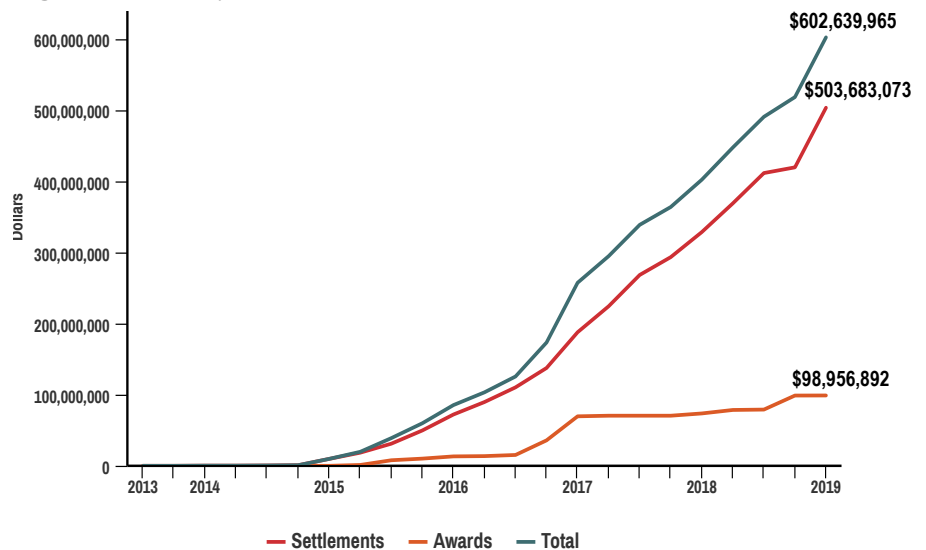


Table 1: Securities Arbitrations against UBS, Santander, Popular, Oriental, and Merrill Lynch in Puerto Rico

Securities Arbitrations in Puerto Rico Since 2013									
		Number					Monetary Results		
		Filed	Settled	Arbitrated		Withdrawn	Pending	Settlements	Awards
				Win	Loss				
2013	Q4	44					44		
Subtotal		44							
2014	Q1	130					174	\$232,232	
	Q2	202					376		
	Q3	185	1				560	\$206,102	
	Q4	194	4				750	\$400,118	
Subtotal		711	5					\$838,451	
2015	Q1	72	19	1	1		800	\$8,921,500	\$17,500
	Q2	97	29	2		1	865	\$8,733,886	\$1,200,000
	Q3	250	65	4	1		1,045	\$12,632,975	\$6,611,486
	Q4	183	85	3	1	5	1,134	\$18,623,770	\$2,304,099
Subtotal		602	198	10	3	6		\$48,912,131	\$10,133,085
2016	Q1	115	109	4	1	4	1,131	\$22,390,465	\$3,132,588
	Q2	129	110	1	2	13	1,134	\$17,556,703	\$395,197
	Q3	158	123	3		5	1,161	\$20,672,135	\$1,604,856
	Q4	90	146	4		3	1,098	\$27,252,729	\$20,570,976
Subtotal		492	488	12	3	25		\$87,872,032	\$25,703,617
2017	Q1	74	157	6		2	1,007	\$50,251,567	\$33,788,296
	Q2	137	135	2	1	1	1,005	\$36,564,118	\$866,678
	Q3	152	118			2	1,037	\$44,007,500	
	Q4	201	120				1,118	\$26,498,933	
Subtotal		564	530	8	1	5		\$157,322,117	\$34,654,974
2018	Q1	217	108	5	1	3	1,218	\$35,217,277	\$3,174,970
	Q2	252	149	1	1	9	1,310	\$40,414,122	\$4,895,947
	Q3	274	111	2		3	1,467	\$42,607,711	\$550,000
	Q4	245	140	3	1	1	1,553	\$36,465,240	\$19,741,768
Subtotal		988	508	11	3	16		\$154,364,350	\$28,362,685
2019	Q1	132	148	2			1,530	\$46,472,579	\$1012,531
	Q2	25	35				1,518	\$7,801,712	
Subtotal		157	183	2				\$54,274,291	\$102,531
To Date		3,558	1,912	43	10	52	1,518	\$503,683,073	\$98,956,892

Arbitration Statistics

At least 3,558 arbitration cases have been filed against UBS Financial Services Inc. of Puerto Rico, Santander Securities LLC, Popular Securities LLC, Oriental Financial Services Corp. and Merrill Lynch, Pierce, Fenner & Smith Inc. between October 1, 2013 and May 9, 2019. See Table 1 and Figure 2. ²

The number of new arbitration filings peaked in 2014 at 711 but 988 new arbitrations were filed in 2018. Settlements

and arbitration awards naturally lag filings. In 2018, 988 new cases have been filed and only 538 have been resolved so pending cases have increased from 1,118 to 1,553.

With at least 1,518 cases still pending as of May 9, 2019 and new cases still being filed each quarter, it will be several more years before the Puerto Rico securities arbitrations associated

with municipal bond losses in 2013 and thereafter are wound down.

1,912 cases have been settled for a total of \$503.7 million. 52 cases have gone to final arbitration hearings resulting in 43 customer awards totaling \$98.9 million as of May 9, 2019.

Arbitration filings against brokerage firms in Puerto Rico have increased

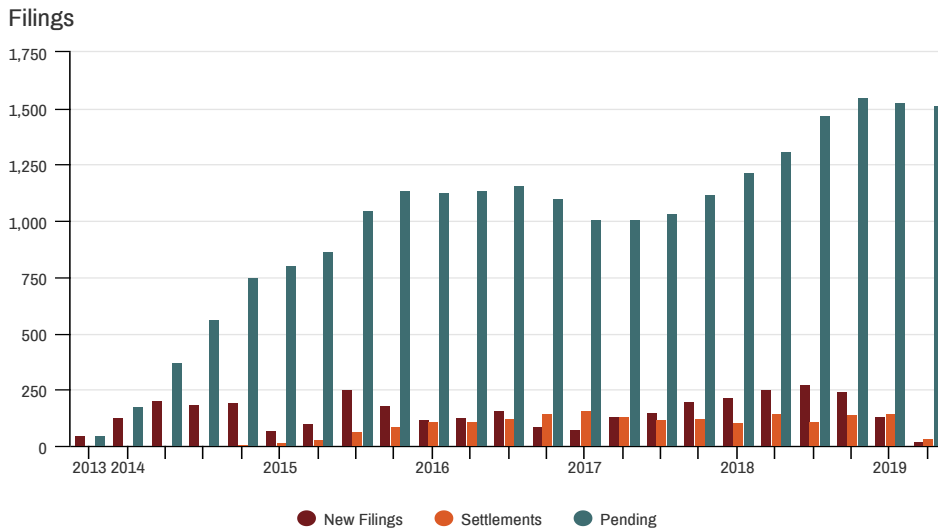


Figure 2: Filings Continue to Accumulate, Pending Claims Increased

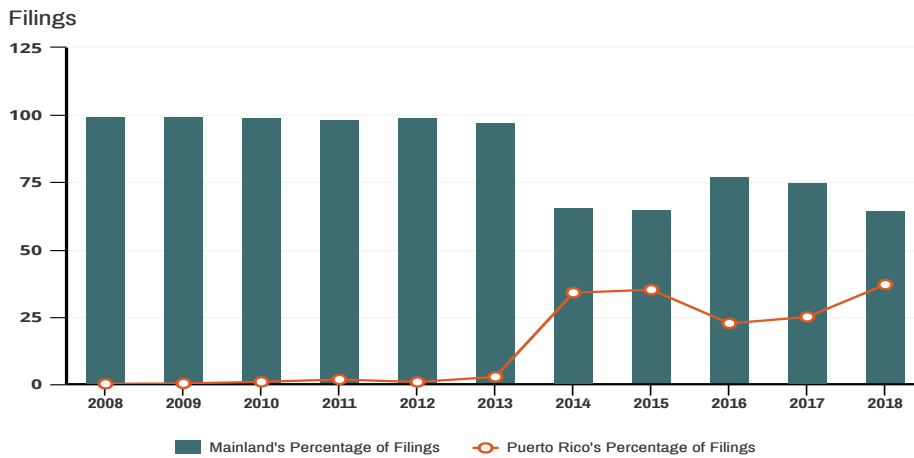


Figure 3: Arbitration Filings in Puerto Rico Increased Dramatically After 2012

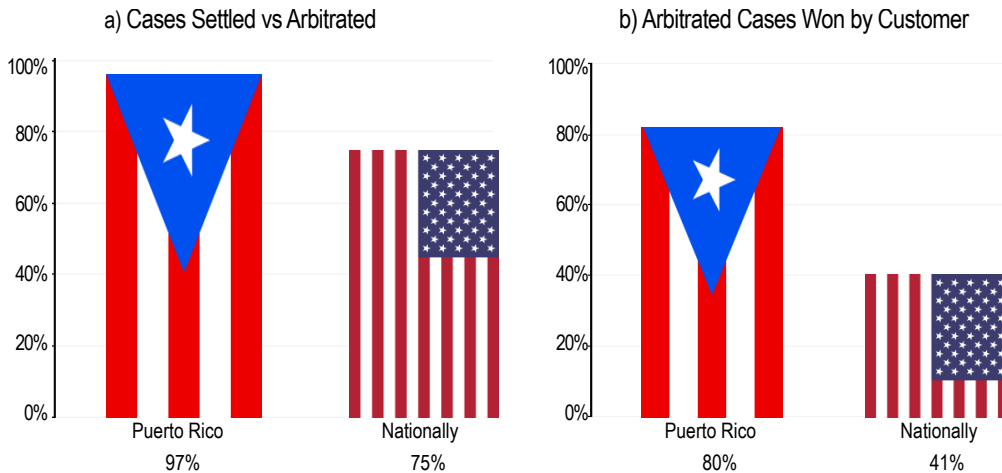


Figure 4: Cases Settled vs Arbitrated in Puerto Rico and Nationally; Arbitrated Cases Won by Customers in Puerto Rico and Nationally

dramatically since 2012. Despite having roughly 1% of the mainland population and 1/2 of 1% of the mainland economy, customer arbitration filings in Puerto Rico have been over 27% of the mainland filings from 2014 to 2018. 37% of customer filings in 2018 have been in Puerto Rico. See Figure 3.

As we explain below these arbitrations are filed against brokerage firms, not individual brokers. Yet, FINRA forces

individual brokers who are not being sued to report the arbitration filings and settlements as black marks on their records while leaving the brokerage firms' public disclosures largely unscathed.

The 1,912 settled cases through May 9, 2019 are 97.3% of the Puerto Rico cases which were either settled or adjudicated. According to FINRA 75.3% of all cases which were either settled or adju-

dicated from 2014 to 2018 were settled. See Figure 4 a).

At 43-10, customers have so far won 81.1% of the final awards. In contrast, according to FINRA, customers won only 821 of 2,020 (41%) final awards during the 2014-2018 time period. The Claimants in Puerto Rico securities arbitrations going to a hearing have been more than twice as successful as the typical FINRA claimant. See Figure 4 b).

The much lower proportion of Puerto Rico cases which go to a hearing than mainland cases and the fact that customers are winning in Puerto Rico at twice the national average strongly suggests too many cases are settling in Puerto Rico rather than going to a hearing.

2,416 of the arbitration cases – 67.9% of the total reported by May 9, 2019 – have been filed against UBS Financial Services Inc. of Puerto Rico (“UBS PR”). UBS PR

has settled or arbitrated 1,568 of its cases and 52 have been withdrawn so 796 remained reported as pending on May 9, 2019. See Table 2 and Figure 7.

In addition, 610 of the arbitration cases – 17.1% of the total reported by May 9, 2019 – have been filed against Santander Securities LLC (“Santander”). Santander had settled or arbitrated 194 cases and 6 have been withdrawn so 410 remained reported as pending on May 9, 2019.

247 of the arbitration cases – 6.9% of the total reported by May 9, 2019 – have been filed against Popular Securities LLC (“Popular”). Popular had settled or arbitrated 87 cases and 11 were withdrawn so 149 remained reported as pending on May 9, 2019.

105 of the arbitration cases – 3.0% of the total reported by May 9, 2019 – have been filed against Merrill Lynch. Merrill

Table 2:
Securities Arbitrations Filed and Pending by Brokerage Firm

Securities Arbitrations in Puerto Rico													
		Total		UBS PR		Santander		Popular		Merrill Lynch		Oriental	
		Filed	Pending	Filed	Pending	Filed	Pending	Filed	Pending	Filed	Pending	Filed	Pending
2013	Q4	44	44	37	37	2	2	1	1	3	3	1	1
	Subtotal	44		37		2		1		3		1	
2014	Q1	130	174	117	154	6	8	0	1	5	8	2	3
	Q2	202	376	169	323	13	21	12	13	4	12	4	7
	Q3	185	560	133	455	24	45	12	25	10	22	6	13
	Q4	194	750	163	616	11	54	11	36	5	27	4	17
	Subtotal	711		582		54		35		24		16	
2015	Q1	72	800	55	653	7	59	7	43	2	29	1	16
	Q2	97	865	84	711	4	59	1	44	3	31	5	20
	Q3	250	1,045	218	873	15	70	6	45	8	36	3	21
	Q4	183	1,134	147	949	16	77	10	49	6	34	4	25
	Subtotal	602		504		42		24		19		13	
2016	Q1	115	1,131	84	939	16	79	8	54	2	31	5	28
	Q2	129	1,134	92	921	24	98	7	57	6	32	0	26
	Q3	158	1,161	105	920	30	117	10	59	6	36	7	29
	Q4	90	1,098	60	844	16	127	5	59	1	33	8	35
	Subtotal	492		341		86		30		15		20	
2017	Q1	74	1,007	56	763	11	125	2	54	2	30	3	35
	Q2	137	1,005	82	733	31	142	13	60	7	36	4	34
	Q3	152	1,037	79	710	36	172	18	75	7	39	12	41
	Q4	201	1,118	109	710	42	207	24	96	6	44	20	61
	Subtotal	564		326		120		57		22		39	
2018	Q1	217	1,218	113	739	67	261	15	102	2	38	20	78
	Q2	252	1,310	131	744	74	317	27	123	4	38	16	88
	Q3	274	1,467	154	810	71	370	22	140	6	41	21	106
	Q4	245	1,553	133	816	61	414	25	158	5	43	21	122
	Subtotal	988		531		273		89		17		78	
2019	Q1	132	1,530	82	800	30	417	10	151	3	40	7	122
	Q2	25	1,518	13	796	3	410	1	149	2	39	6	124
	Subtotal	157		95		33		11		5		13	
	To Date	3,558	1,518	2,416	796	610	410	247	149	105	39	180	124

Lynch had settled or arbitrated 63 cases and 3 were withdrawn so 39 remained reported as pending on May 9, 2019.

180 of the arbitration cases – 5.1% of the total reported by May 9, 2019 – have been filed against Oriental Financial Services Corp. (“Oriental”). Oriental had settled or arbitrated 53 cases and 3 has been withdrawn so 124 remained reported as pending on May 9, 2019.

The number of new arbitrations filed has increased each quarter since the 1st quarter of 2017. Filings in the 2nd and

3rd quarters of 2018 exceed the previous highest quarterly filings in the 3rd quarter of 2015. As a result, the number of filings in Puerto Rico continues to rapidly accumulate. See Figure 5.

After dipping in 2017, the number of pending arbitrations has increased 40% in 2018. In 2018 and 2019, 1,145 new cases have been filed and only 723 have been resolved and the number of pending cases now exceeds 1,500. See Figure 6.

Much of the increase in pending cases is due to the dramatic increase in new filings and pending cases against Santander. So far Santander has had 610 cases filed against it, or 25% of the 2,416 cases filed against UBS. Given the relative size of these two firms and similar business models in Puerto Rico, there should be 300 more cases filed against Santander. We expect the trend of increasing cases against Santander to continue into 2020.

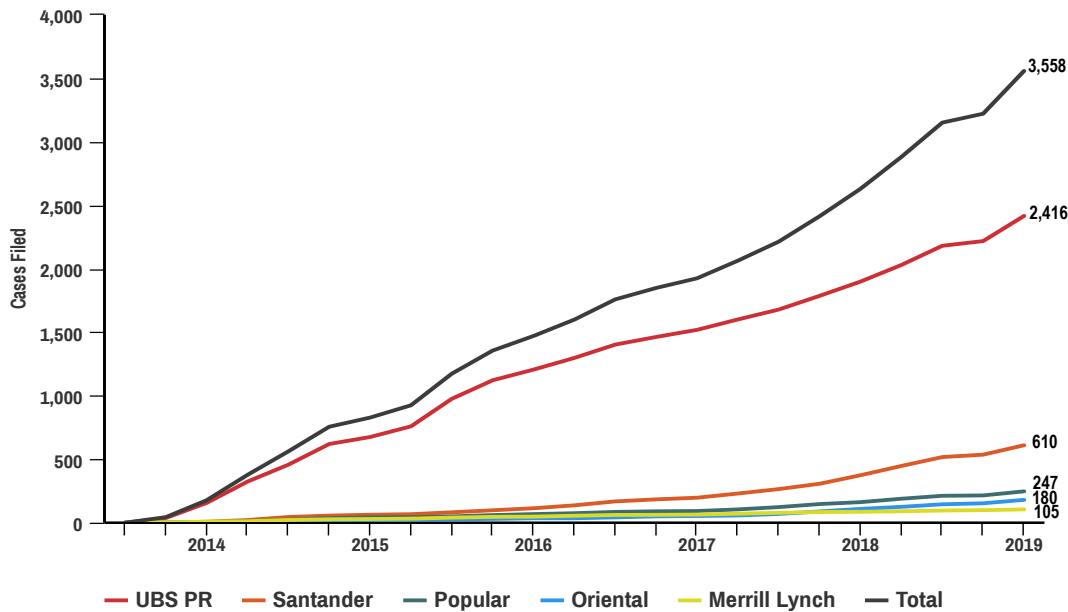


Figure 5: Cases Filed to Date

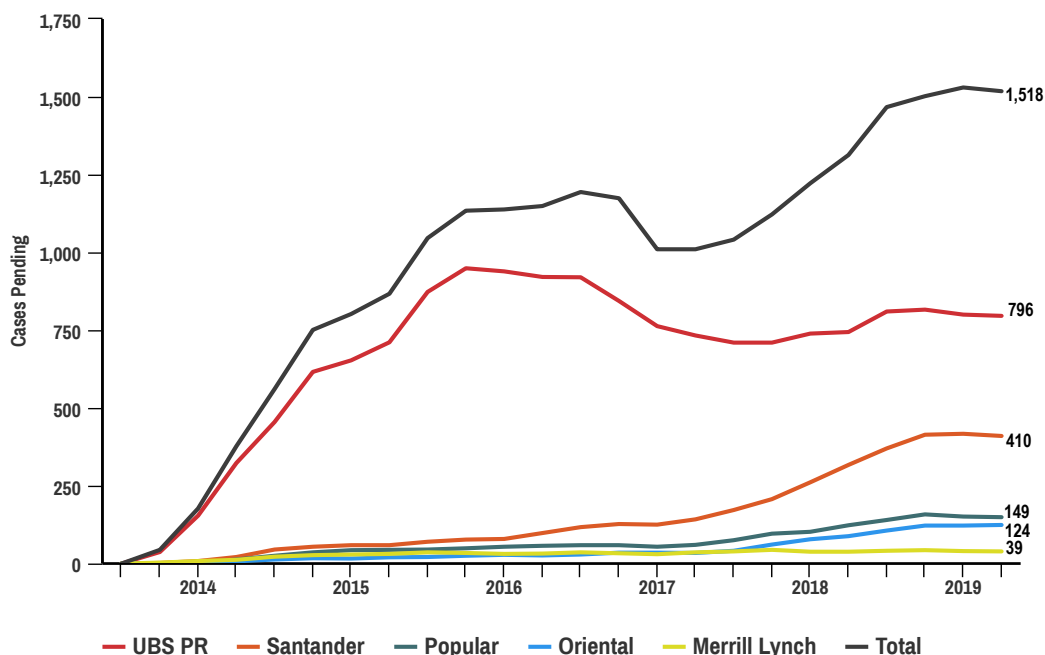


Figure 6: Cases Pending to Date

Methodology and Data

We identify arbitration filings and settlements by examining the Broker-Check reports of brokers registered with UBS PR, Santander, Popular, Oriental and Merrill Lynch at any time between 2005 and 2013. We assign arbitration filings found on the brokers' Broker-Check reports according to a field which identifies the employing firm where the complained of conduct occurred. For example, if a current Santander broker has an arbitration filing listed on her BrokerCheck report that specifies UBS PR as the firm where the conduct occurred we assign that filing to UBS PR not Santander.

We found 4,924 arbitrations filed after September 30, 2013 on 337 individual brokers' BrokerCheck reports. After eliminating duplicates, 3,558 unique arbitrations were reported on at least one broker's BrokerCheck report as having been filed against the five Puerto Rico brokerage firms between October 1, 2013 and May 9, 2019.

Since brokerage firms associate most but not all arbitration filings with one or more individual brokers and only arbitrations resulting in a customer award at final hearing are reflected on brokerage firms' BrokerCheck reports, our results may underestimate the actual number of cases filed, settled or still pending.

In addition, brokerage firms appear to have considerable discretion when reporting dollar values of individual

settlements and awards. For instance, we observe settlements and awards where Claimants receive large cash payments and are absolved of debit balances created as a result of investment losses complained about and which Respondents seek to collect. Claimants' counsel is typically compensated for debit balances zeroed out and logically these nullified debit balances should be included in the disclosed monetary compensation paid but are not.

FINRA and the brokerage firms have information which would reflect additional filings and settlements and higher dollar figures than we can estimate from individual brokers' BrokerCheck reports. The industry could disclose precisely how many cases have been filed against a firm in Puerto Rico and how much has been paid to settle the cases but does not disclose this information.

We develop our lower bound estimate of the number of cases filed, settled or pending by building up from cases identified on brokers' BrokerCheck reports because brokerage firms' BrokerCheck reports are uninformative. For example, UBS PR's BrokerCheck report (available at https://files.brokercheck.finra.org/firm/firm_13042.pdf) includes only 36 cases filed since October 1, 2013 even though at least 2,416 arbitrations have been filed against UBS PR since that date. These 36 cases are only the cases which have gone to a final hearing and which UBS PR reported having lost by May 9, 2019. FINRA does not report the remaining 2,380 arbitrations filed against UBS PR on UBS PR's BrokerCheck report.

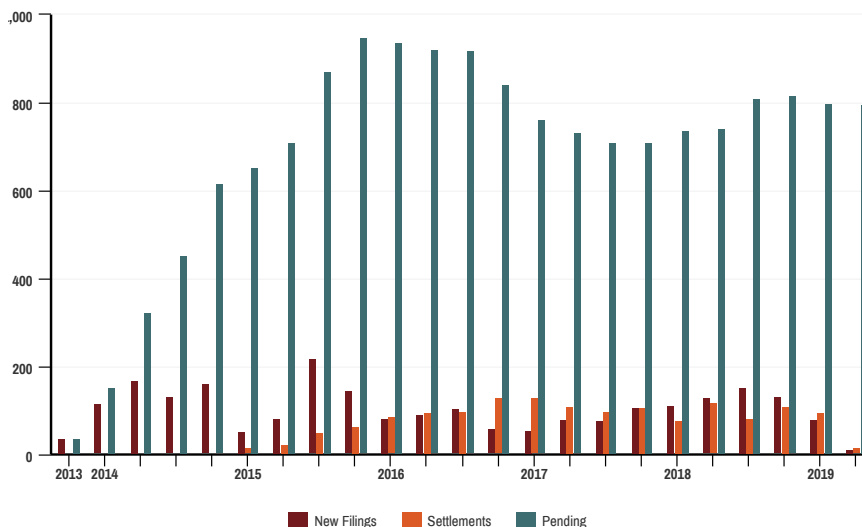
Brokers are not named in the vast majority of arbitrations filings; in most cases customers sue only their brokerage firm - UBS PR, Santander, Popular, Oriental and Merrill Lynch in the case of recent Puerto Rico securities arbitrations. Brokers rarely make any contribution to the payments. Brokers contributed to only 0.1% (2 of 1,912) of the settlements identified in Table 1, and only 0.01% (\$47,178) of the \$503.7 million in settlements.

Despite not being named in the arbitrations and not contributing to the settlements, the 1,912 settled cases filed since October 1, 2013 are reported on the brokers' BrokerCheck reports but missing from the BrokerCheck reports of the brokerage firms actually being sued - UBS PR, Santander, Popular, Oriental and Merrill Lynch.

FINRA applies the same perverse logic to pending cases. The 1,518 pending cases we identified are all listed on at least one individual broker's BrokerCheck report yet all are missing from the BrokerCheck reports of UBS PR, Santander, Popular, Oriental and Merrill Lynch.

In sum, there have been at least 3,558 arbitrations filed against UBS PR, Santander, Popular, Oriental and Merrill Lynch in Puerto Rico but only 43 show up on these five firms' BrokerCheck reports despite the lawsuits being virtually all filed only against the brokerage firms; all but 10 cases where the customer lost at a final hearing on the other hand are on the individual brokers' BrokerCheck reports despite the fact the brokers were not sued and were not contributing to the settlements.

Figure 7: Vast Majority of Filings against UBS



UBS Financial Services, Inc. of Puerto Rico

There are 387 brokers registered with UBS PR at some point in time between 2005 and 2013. 193 of these brokers have at least one customer complaint against UBS PR on their BrokerCheck reports filed on or after October 1, 2013. 3

The total number of customer complaints against UBS PR reported on these brokers' BrokerCheck reports is 3,587. Removing duplicates, we find that there are 2,416 customer-related arbitrations reported on individual brokers' BrokerCheck reports as filed against UBS PR between October 1, 2013 and May 9, 2019.

UBS PR has paid at least \$408.9 million settling 1,528 filings as of May 9, 2019. 40 have gone to a final hearing and at least 796 are still pending with many more being filed each quarter. See Table 3.

Arbitrations Against UBS Financial Services, Inc. of Puerto Rico									
		Number					Monetary Results		
		Filed	Settled	Arbitrated		Withdrawn	Pending	Settlements	Awards
				Win	Loss				
2013	Q1	37					37		
Subtotal		37							
2014	Q1	117					154		
	Q2	169					323		
	Q3	133	1				455	\$165,050	
	Q4	163	2				616	\$132,000	
Subtotal		582	3					\$297,050	
2015	Q1	55	17			1	653	\$8,738,500	
	Q2	84	23	2		1	711	\$7,406,782	\$1,200,000
	Q3	218	51	4	1		873	\$9,991,025	\$6,611,486
	Q4	147	64	3		4	949	\$16,172,239	\$2,304,099
Subtotal		504	155	9	1	6		\$42,308,546	\$10,115,585
2016	Q1	84	87	4	1	2	939	\$19,516,215	\$3,132,588
	Q2	92	97	1	1	11	921	\$16,268,703	\$395,197
	Q3	105	99	2		5	920	\$18,549,635	\$1,250,000
	Q4	60	131	4		1	844	\$24,671,179	\$20,570,976
Subtotal		341	414	11	2	19		\$79,005,732	\$25,348,761
2017	Q1	56	131	5		1	763	\$43,795,586	\$32,980,296
	Q2	82	110	2			733	\$31,909,055	\$866,678
	Q3	79	101			1	710	\$35,979,000	
	Q4	109	109				710	\$25,376,433	
Subtotal		326	451	7		2		\$137,060,073	\$33,846,974
2018	Q1	113	79	4		1	739	\$25,024,277	\$2,924,970
	Q2	131	120	1	1	4	744	\$30,312,622	\$4,895,947
	Q3	154	83	2		3	810	\$33,294,787	\$550,000
	Q4	133	111	2		14	816	\$30,162,165	\$19,568,231
Subtotal		531	393	9	1	22		\$118,853,851	\$27,939,148
2019	Q1	82	96			2	800	\$25,759,079	
	Q2	13	16			1	796	\$5,641,000	
Subtotal		95	112			3		\$31,400,079	
To Date		2,416	1,528	36	4	52	796	\$408,925,332	\$97,250,468

Table 3: Securities Arbitrations filed against UBS

Santander Securities LLC

There are 225 brokers who were registered with Santander Securities LLC at some time between 2005 and 2013 and had an office in Puerto Rico. 61 of these brokers have at least one customer complaint against Santander on their BrokerCheck reports filed on or after October 1, 2013.

The total number of customer complaints against Santander reported on these brokers' BrokerCheck reports is 862. Eliminating duplicates, we find that there are 610 customer-related arbitrations reported on individual brokers' BrokerCheck reports as filed

against Santander Securities LLC between October 1, 2013 and May 9, 2019.

Santander has paid \$68.7 million settling 190 of them as of May 9, 2019. 4 have gone to a final hearing and 410 are still pending with many more being filed each quarter.

Table 4: Securities Arbitrations filed against Santander Securities

Arbitrations Against Santander Securities LLC									
		Number						Monetary Results	
		Filed	Settled	Arbitrated		Withdrawn	Pending	Settlements	Awards
				Win	Loss				
2013	Q4	2					2		
Subtotal		2							
2014	Q1	6					8		
	Q2	13					21		
	Q3	24					45		
	Q4	11	2				54	\$211,000	
Subtotal		54	2					\$211,000	
2015	Q1	7	1	1			59	\$120,000	\$17,500
	Q2	4	4				59	\$1,029,103	
	Q3	15	4				70	\$465,000	
	Q4	16	9				77	\$1,190,000	
Subtotal		42	18	1				\$2,804,103	\$17,500
2016	Q1	16	14				79	\$2,483,750	
	Q2	24	3		1	1	98	\$407,500	
	Q3	30	11				117	\$1,421,500	
	Q4	16	6				127	\$1,725,000	
Subtotal		86	34		1	1		\$6,037,750	
2017	Q1	11	13				125	\$5,039,000	
	Q2	31	13			1	142	\$3,392,063	
	Q3	36	6				172	\$7,166,000	
	Q4	42	7				207	\$875,000	
Subtotal		120	39			1		\$16,472,063	
2018	Q1	67	13				261	\$7,081,000	
	Q2	74	17			1	317	\$8,230,000	
	Q3	71	18				370	\$5,982,924	
	Q4	61	16		1		414	\$3,837,575	
Subtotal		273	64		1	1		\$25,131,499	
2019	Q1	30	24	1		2	417	\$16,813,000	\$95,000
	Q2	3	9			1	410	\$1,271,712	
Subtotal		33	33	1		3		\$18,084,712	\$95,000
To Date		610	190	2	2	6	410	\$68,741,127	\$112,500

Popular Securities, LLC

There are 235 brokers who were registered with Popular at some time between 2005 and 2013 and had an office in Puerto Rico. 60 of these brokers have at least one customer complaint against Popular on their BrokerCheck reports filed on or after October 1, 2013.

The total number of customer complaints against Popular reported on these brokers' BrokerCheck reports is 383. Eliminating duplicates, we find that there are 247 customer-related arbitrations reported on individual brokers' BrokerCheck reports as filed

against Popular between October 1, 2013 and May 9, 2019.

Popular has paid \$11.6 million settling 83 of the customer complaints as of May 9, 2019. 4 have gone to a final hearing and 149 are still pending.

Arbitrations Against Popular Securities LLC									
		Number						Monetary Results	
		Filed	Settled	Arbitrated		Withdrawn	Pending	Settlements	Awards
				Win	Loss				
2013	Q4	1					1		
Subtotal		1							
2014	Q1	0					2		
	Q2	12					13		
	Q3	12					25	\$41,052	
	Q4	11					36	\$57,118	
Subtotal		35						\$98,170	
2015	Q1	7					43		
	Q2	1					44		
	Q3	6	5				45	\$239,450	
	Q4	10	4		1	1	49	\$302,500	
Subtotal		24	9		1	1		\$541,950	
2016	Q1	8	2			1	54	\$62,500	
	Q2	7	4				57	\$374,000	
	Q3	10	7	1			59	\$498,000	\$354,856
	Q4	5	3			2	59	\$205,000	
Subtotal		30	16	1		3		\$1,139,500	\$354,856
2017	Q1	2	7				54	\$479,481	
	Q2	13	7				60	\$682,700	
	Q3	18	2			1	75	\$300,000	
	Q4	24	3				96	\$172,500	
Subtotal		57	19			1		\$1,634,681	
2018	Q1	15	7	1		1	102	\$2,080,000	\$250,000
	Q2	27	3			3	123	\$1,005,000	
	Q3	22	4			1	140	\$1,420,000	
	Q4	25	5	1		1	158	\$1,018,000	\$173,537
Subtotal		89	19	2		6		\$5,523,000	\$423,537
2019	Q1	10	17				151	\$2,423,500	
	Q2	1	3				149	\$275,000	
Subtotal		11	20					\$2,698,500	
To Date		247	83	3	1	11	149	\$11,635,801	\$778,393

Table 5: Securities Arbitrations files against Popular Securities

Merrill Lynch, Pierce, Fenner & Smith Inc. (“Merrill Lynch”)

There are 69 brokers who were registered with Merrill Lynch at some time between 2005 and 2013 and had an office in Puerto Rico. 32 of these brokers have at least one customer complaint against Merrill Lynch on their Broker-Check reports filed on or after October 1, 2013.

The total number of customer complaints against Merrill Lynch reported on these brokers’ BrokerCheck reports is 135. Eliminating duplicates, we find that there are 105 customer-related arbitrations reported on individual brokers’ BrokerCheck reports as against Merrill Lynch filed between October 1, 2013 and May 9, 2019.

Merrill Lynch has paid \$9.3 million settling 62 of them as of May 9, 2019. One has gone to a final hearing, 3 were withdrawn and 39 were still pending as of May 9, 2019.

Table 6: Securities Arbitrations filed against Merrill Lynch

Arbitrations Against Merrill Lynch									
		Number					Monetary Results		
		Filed	Settled	Arbitrated		Withdrawn	Pending	Settlements	Awards
				Win	Loss				
2013	Q4	3					3		
Subtotal		3							
2014	Q1	5					8	\$232,232	
	Q2	4					12		
	Q3	10					22		
	Q4	5					27		
Subtotal		24						\$232,232	
2015	Q1	2					29		
	Q2	3	1				31	\$298,000	
	Q3	8	3				36	\$1,880,000	
	Q4	6	8				34	\$948,497	
Subtotal		19	12					\$3,126,497	
2016	Q1	2	4			1	31	\$172,500	
	Q2	6	4			1	32	\$259,000	
	Q3	6	2				36	\$95,000	
	Q4	1	4				33	\$591,550	
Subtotal		15	14			2		\$1,118,050	
2017	Q1	2	5				30	\$902,500	
	Q2	7	1				36	\$40,000	
	Q3	7	4				39	\$180,000	
	Q4	6	1				44	\$75,000	
Subtotal		22	11					\$1,197,500	
2018	Q1	2	6		1	1	38	\$875,000	
	Q2	4	4				38	\$335,000	
	Q3	6	3				41	\$915,000	
	Q4	5	3				43	\$470,000	
Subtotal		17	16		1	1		\$2,595,000	
2019	Q1	3	6				40	\$860,000	
	Q2	2	3				39	\$146,000	
Subtotal		5	9					\$1,006,000	
To Date		105	62	0	1	3	39	\$9,275,279	

Oriental Financial Services Corp

There are 132 brokers who were registered with Oriental at some time between 2005 and 2013 and had an office in Puerto Rico. 33 of these brokers have at least one customer complaint against Oriental on their BrokerCheck reports filed on or after October 1, 2013.

The total number of customer complaints against Oriental reported on these brokers' BrokerCheck reports is 225. Eliminating duplicates, we find that there are 180 customer-related arbitrations reported on individual brokers' BrokerCheck reports as against

Oriental filed between October 1, 2013 and May 9, 2019.

Oriental has paid \$5.1 million settling 49 of the customer complaints as of May 9, 2019. Four have gone to a final hearing and 124 are still pending.

Arbitrations Against Oriental Financial Services Corp.									
		Number					Monetary Results		
		Filed	Settled	Arbitrated		Withdrawn	Pending	Settlements	Awards
				Win	Loss				
2013	Q4	1					1		
Subtotal		1							
2014	Q1	2					3		
	Q2	4					7		
	Q3	6					13		
	Q4	4					17		
Subtotal		16							
2015	Q1	1	1		1		16	\$63,000	
	Q2	5	1				20		
	Q3	3	2				21	\$57,500	
	Q4	4					25	\$10,534	
Subtotal		13	4		1			\$131,034	
2016	Q1	5	2				28	\$155,500	
	Q2	0	2				26	\$247,500	
	Q3	7	4				29	\$108,000	
	Q4	8	2				35	\$60,000	
Subtotal		20	10					\$571,000	
2017	Q1	3	1	1		1	35	\$35,000	\$808,000
	Q2	4	4		1		34	\$555,000	
	Q3	12	5				41	\$467,500	
	Q4	20					61		
Subtotal		39	10	1	1	1		\$1,057,500	\$808,000
2018	Q1	20	3				78	\$157,000	
	Q2	16	5			1	88	\$531,500	
	Q3	21	3				106	\$595,000	
	Q4	21	5				122	\$977,500	
Subtotal		78	16			1		\$2,261,000	
2019	Q1	7	5	1		1	122	\$617,000	\$7,531
	Q2	6	4				124	\$468,000	
Subtotal		13	9	1		1		\$1,085,000	\$7,531
To Date		180	49	2	2	3	124	\$5,105,534	\$808,000

Table 7: Securities Arbitrations filed against Oriental Financial Services

Endnotes

1. © Securities Litigation and Consulting Group, Inc, 2018. The primary authors of this report are Craig McCann, Edward O'Neal, Chuan Qin and Mike Yan.
2. The numbers reported in the text and tables are based on BrokerCheck reports downloaded on May 15, 2019.
3. A customer complaint is a "Customer Dispute" event with status "Settled", "Pending", or "Award/Judgment" as disclosed on a broker's BrokerCheck report.