

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Claimant

Asociacion de Empleados Del Estado Libre de
Puerto Rico

Case Number: 14-01256

vs.

Respondents

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

Hearing Site: San Juan, Puerto Rico

Nature of the Dispute: Customer vs. Members and Non-Member

This case was decided by an all-public panel.

REPRESENTATION OF PARTIES

For Claimant Asociacion de Empleados Del Estado Libre de Puerto Rico ("AEELA"): Steven D. Toskes, Esq., Ray Gentile, Esq., and Adam Nativ, Esq., Klayman & Toskes, P.A., Boca Raton, Florida, and Osvaldo Carlo, Esq., Carlo Law Offices, P.S.C., San Juan, Puerto Rico.

For Respondents UBS Financial Services Inc. ("UBS"), UBS Financial Services Inc. of Puerto Rico ("UBSPR") and UBS Trust Company of Puerto Rico ("UBS Trust" and, collectively, "the UBS Respondents"): Peter J. Macdonald, Esq., Wilmer Hale, New York, New York and Roberto Quinones, Esq., McConnell Valdes, LLC, San Juan, Puerto Rico.

CASE INFORMATION

Statement of Claim filed on or about: April 22, 2014.

AEELA signed the Submission Agreement: April 17, 2014.

Statement of Answer filed by Respondents UBS, UBSPR and UBS Trust on or about: July 18, 2014.

UBS signed the Submission Agreement: July 15, 2014.

UBSPR signed the Submission Agreement: July 15, 2014.

UBS Trust signed the Submission Agreement: July 16, 2014.

CASE SUMMARY

Claimant asserted the following causes of action: breach of fiduciary duty; negligence and gross negligence; violation of Article 1802 of the Civil Code of Puerto Rico [L.P.R.A. Section 5141]; fraud and constructive fraud; failure to supervise and control; breach of contract; violation of Section 10(B) of the Securities Exchange Act, violation of Rule 10b-5 and violation of FINRA Rules; violation of the Investment Advisers Act of 1940; violations of the Puerto Rico Uniform Securities Act [10 L.P.R.A. § 890]. The causes of action relate to losses in AEELA's investment portfolio with UBS which were allegedly caused by unsuitable recommendations of Puerto Rico government debt.

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, Claimant requested: general and compensatory damages of approximately \$70,000,000.00, underperformance damages, costs, attorneys' fees, punitive damages, interest, and such other and further relief as the Panel deemed just and appropriate.

In their Answer, the UBS Respondents requested: that Claimant's claims be dismissed in their entirety, with prejudice; that all FINRA fees and costs be assessed against Claimant; that the Panel make specific findings to allow the expungement of any record of this arbitration from the 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 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.

Respondent UBS Trust is not a member or associated person of FINRA. Respondent UBS Trust did not file with FINRA Dispute Resolution a properly-executed Submission Agreement but, having answered the claim, voluntarily submitted to arbitration and is bound by the determination of the Panel on all issues submitted.

At the recorded in-person hearing, the UBS Respondents withdrew their request for expungement without prejudice.

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. Claimant's Statement of Claim is denied in its entirety.
2. Any and all claims for relief not specifically addressed herein, including Claimant's request for punitive damages and attorneys' fees, are 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 = \$ 1,800.00

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, UBS and UBSPR are assessed the following:

UBS:

Member Surcharge	= \$ 3,750.00
Pre-Hearing Processing Fee	= \$ 750.00
Hearing Processing Fee	= \$ 5,500.00

UBSPR:

Member Surcharge	= \$ 3,750.00
Pre-Hearing Processing Fee	= \$ 750.00
Hearing Processing Fee	= \$ 5,500.00

Contested Motion for Issuance of a Subpoena Fees

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 = \$ 200.00

One (1) arbitrator @ \$200.00 (maximum of \$600)

Total Contested Motion for Issuance of Subpoenas Fees = \$ 200.00

The Panel has assessed \$100.00 of the contested motion for issuance of subpoenas fees to Claimant.

The Panel has assessed \$100.00 of the contested motion for issuance of subpoenas fees jointly and severally to the UBS 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:

Four (4) Pre-hearing sessions with a single arbitrator @ \$450.00/session =\$ 1,800.00
Pre-hearing conferences: January 8, 2016 1 session
 February 9, 2016 1 session
 February 23, 2016 1 session
 March 11, 2016 1 session

One (1) Pre-hearing session with the Panel @ \$1,200.00/session =\$ 1,200.00
Pre-hearing conference(s): September 17, 2014 1 session

Twenty (20) Hearing sessions @ \$1,200.00/session =\$24,000.00
Hearing Dates: April 25, 2016 2 sessions
 April 26, 2016 2 sessions
 April 27, 2016 2 sessions
 April 28, 2016 2 sessions
 April 29, 2016 2 sessions
 May 2, 2016 2 sessions
 May 3, 2016 2 sessions
 May 4, 2016 2 sessions
 May 5, 2016 2 sessions
 May 6, 2016 2 sessions

Total Hearing Session Fees =\$27,000.00

The Panel has assessed \$13,500.00 of the hearing session fees to Claimant.

The Panel has assessed \$13,500.00 of the hearing session fees jointly and severally to the UBS Respondents.


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

ARBITRATION PANEL

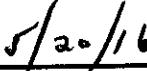
Gerald Silverman	-	Public Arbitrator, Presiding Chairperson
Sydney E. Blum	-	Public Arbitrator
Clement Osimetha	-	Public Arbitrator

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



Gerald Silverman
Public Arbitrator, Presiding Chairperson



Signature Date

Sydney E. Blum
Public Arbitrator

Signature Date

Clement Osimetha
Public Arbitrator

Signature Date

May 23, 2016

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

ARBITRATION PANEL

Gerald Silverman	-	Public Arbitrator, Presiding Chairperson
Sydney E. Blum	-	Public Arbitrator
Clement Osimetha	-	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

Gerald Silverman
Public Arbitrator, Presiding Chairperson

Signature Date

Sydney E. Blum
Public Arbitrator

Signature Date



Clement Osimetha
Public Arbitrator

5/19/16
Signature Date

May 23, 2016

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