

Bond Case Briefs

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UBS to Pay \$4.3 million in Puerto Rico Bonds Claim.

The claimant's broker at UBS has 183 disclosures on his BrokerCheck report

UBS Financial Services Inc. has lost another multi-million-dollar Finra arbitration award stemming from the sale of individual Puerto Rico bonds and closed-end funds.

[According to the arbitration award](#), which was decided last Friday by a three-person Financial Industry Regulatory Authority Inc. dispute resolution panel, the claimants, the family and relatives of Jacobo and Raquel Bender, were awarded close to \$4.3 million in compensatory damages and costs.

Mr. Bender and his wife alleged negligence, negligent supervision, fraud and other charges in their claim. The family invested in Puerto Rico bonds, including those underwritten by UBS, according to the award, as well as proprietary closed-end funds that invested predominately in Puerto Rico bonds.

The family's broker was Ramon Almonte, said the family's lawyer, Jeffrey Erez. [According to his BrokerCheck report](#), Mr. Almonte has 183 "disclosures" in his work history, the overwhelming majority of which stem from sales of Puerto Rico bonds.

The market for Puerto Rico's \$70 billion in muni debt bottomed out over the summer of 2013 after Detroit filed for bankruptcy that July. Puerto Rico has been struggling to stave off a widespread default ever since.

The Bender family sought between \$1 million and \$5 million in damages, according to the award.

"For all intents and purposes, the \$4.2 million in damages and almost \$100,000 in costs represents the complete return of the family's loss of capital," Mr. Erez said. "This was a great award. When an arbitration panel gives the claimants an award like this, they basically are rejecting every argument made by UBS during the hearings."

Mr. Almonte, a managing director at UBS Financial Services Inc. of Puerto Rico, did not return a call Wednesday to comment.

"While we respectfully disagree with this decision, it is important to note that the claimants were awarded less than they sought, perhaps because for over twenty years Puerto Rico bonds provided steady and substantial returns also coupled with extraordinary tax advantages available only to Puerto Rico residents," UBS spokesperson Maya Dillon wrote in an email.

[UBS Financial Services has lost a handful of large arbitration claims](#) stemming from losses in Puerto Rico bonds and closed-end funds, including investor claims of \$4.4 million and \$9 million in 2017.

Investment News

By Bruce Kelly

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