

# **Bond Case Briefs**

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## **UBS Puerto Rico Faces 'Whopper' of a Problem Over Muni Bond Funds.**

Individual claims on BrokerCheck show one big-name rep has \$50.9 million in investor complaints

The woes stemming from UBS AG's unit in Puerto Rico over the sale of local, closed-end municipal bond funds have landed squarely in the lap of UBS brokers and financial advisers in the island commonwealth.

The market for Puerto Rico's \$70 billion muni debt bottomed out over the summer after Detroit filed for bankruptcy in July. UBS Financial Services Inc. of Puerto Rico is a significant player in the muni-debt market in Puerto Rico, having packaged and sold \$10 billion in proprietary closed-end bond funds through the end of last year.

Investor complaints filed with the arbitration unit of the Financial Industry Regulatory Authority Inc. have now begun to surface on individual broker profiles on BrokerCheck.

And at least one broker is facing a staggering amount of damages stemming from the investor claims.

Jose Gabriel Ramirez Jr., who is nicknamed "The Whopper," according to plaintiff's attorneys, in October and November had seven investor complaints totaling \$50.9 million, according to his BrokerCheck report.

The seven complaints range from \$1 million to \$26 million in alleged damages, with investors' allegations the same in each case: "Client alleges overconcentration and misrepresentations concerning closed-end funds. Time frame: 2004/2008-present."

UBS spokeswoman Karina Byrne said that Mr. Ramirez is on administrative leave and that the firm will defend itself vigorously in these arbitration claims.

He was a prominent UBS broker in Puerto Rico, said one plaintiff's attorney.

"There's no question that [Mr. Ramirez] had a big book of business," said Scott Silver, a plaintiff's attorney with three claims against various UBS advisers over its Puerto Rico closed-end funds. "We have several cases involving the issue of UBS bank loans from other advisers."

Since the bond funds began to lose their value, several plaintiff's lawyers have said that clients were encouraged by UBS brokers to take out non-purpose loans to buy closed-end funds.

As the value of the closed-end bond funds plummeted by 50% to 60% over the second half of the year, clients with margin accounts have been required to sell their muni bond funds or individual bonds to pay interest on those loans.

By Bruce Kelly

