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UBS Beats Back \$3.5M Arbitration Claim from Client's Estate.

UBS won an arbitration case in which the estate of a deceased client had sought \$3.5 million in damages related to the firm's sale of Puerto Rico closed-end funds and bonds.

The arbitration panel's decision made it the latest in a series of cases in which UBS has had to defend itself against claims from clients alleging improper sales practices.

In this arbitration, the former client, Gabriel Cadenas, died in 2012, according to Francisco Pujol, his attorney.

In March 2014, Cadenas' estate filed a claim for \$3.5 million plus additional punitive damages for breach of contract, negligence and unsuitability among other misconduct, according to a copy of the arbitration award.

At the close of the arbitration hearings, his estate reduced the claim to \$1 million plus attorney fees. Cadenas' estate also dismissed its own claims against three UBS employees, records show.

For its part, UBS rejected the allegations and asked the panel to dismiss all claims, according to the arbitration award.

The panel of three arbitrators conducted 12 hearing sessions in January 2016, and came to their decision last month, siding with UBS, but splitting the costs of the hearings - \$15,600 - between the two parties.

"UBS is pleased with the arbitrators' decision in this matter" a spokesman for the firm said.

Pujol, the attorney, could not be reached for additional comment. He has pursued and won other cases on behalf of ex-UBS clients seeking damages related to the sale of closed-end funds.

ONGOING PROBLEM

UBS has been engaged in a number of arbitration cases related to the firm's sale of closed-end funds of Puerto Rico bonds.

Beginning in 2013, prices of Puerto Rico municipal bonds fell, leaving the island commonwealth plagued by fiscal troubles in the years that followed. Meanwhile, many clients have claimed that their UBS advisors over-concentrated their portfolios in the funds and other Puerto Rico municipal bonds, leaving them exposed when prices plummeted.

UBS has previously noted that the funds have historically performed well and that there were significant tax advantages for clients to invest in them.

Still, the firm is facing a bevy of complaints in arbitration. UBS noted in its recent earnings report that total aggregate claims from clients have reached \$1.5 billion. Some of those cases have already

been won, lost or settled.

Last month, an arbitration panel ordered UBS to pay a former client \$1.5 million. The client had originally sought about \$2 million in damages.

OnWallStreet

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