

Bond Case Briefs

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ARBITRATION - PUERTO RICO

UBS Financial Services Inc. v. Asociación de Empleados del Estado Libre Asociado de Puerto Rico

United States District Court, D. Puerto Rico - December 22, 2016 - F.Supp.3d - 2016 WL 7408828

Investment consulting and brokerage service providers filed petition to confirm arbitration award issued against client, denying client's claims that service providers violated Securities Exchange Act and Puerto Rico Uniform Securities Act by alleged misrepresentations regarding investments in Puerto Rico municipal bonds.

Client moved to dismiss for lack of subject-matter jurisdiction, or alternatively, for a stay. Service providers removed to federal court.

The District Court held that substance of arbitral claims arose under federal law, and thus federal question jurisdiction existed.

Substance of client's arbitral claims against investment consulting and brokerage service providers, alleging misrepresentation by service providers, arose under federal law, and thus federal question jurisdiction existed for court to hear service providers' petition to confirm arbitration award under Federal Arbitration Act (FAA). Client's statement of claim alleged "violation of the federal securities laws."