

# **Bond Case Briefs**

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## **UBS Loses \$19M Arbitration Case Over Puerto Rico Bonds.**

A FINRA arbitration panel ordered UBS to pay a client nearly \$19 million in the latest case stemming from the performance of the firm's closed-end funds of Puerto Rican muni bonds.

Luis Moyett accused the firm of breach of contract, negligence and violations of Puerto Rican securities laws among other misconduct, according to a copy of the arbitration award.

His claims mirror those of other UBS clients who purchased the firm's closed-end funds of Puerto Rican municipal bonds, which took a beating when prices tumbled in 2013. Burned by the experience and losses, clients have filed hundreds of arbitration claims against UBS.

In its second quarter earnings report, UBS said it faced claims with aggregate damages of \$2.6 billion. So far the firm has resolved more than half through settlements, arbitration or withdrawal of the claims. It did not disclose how much it has paid out so far.

Separately, the firm reached settlements with SEC and FINRA totaling more than \$33 million.

In Moyett's case, two other clients, Joseph and Carmen Quijano, were part of the initial arbitration proceedings. But the Quijanos reached a separate settlement with UBS in November 2017, details of which were not publicly available.

Peter Mougey, an attorney representing the Quijanos and Moyett, says he cannot talk about the Quijanos settlement because of its confidential nature.

At the start of the arbitration in 2015, the three claimants collectively sought \$21.8 million in damages, according to FINRA arbitration records. It is not clear from publicly available arbitration records how that figure broke down per client.

Ex-Morgan Stanley advisor claims 'trashing' reputations is 'common practice' for firm  
After the Quijanos' settlement, Moyett pursued the arbitration through 35 hearings in July and August. Last week, the panel of three arbitrators issued a ruling in his favor. They granted him \$14.9 million in compensatory damages plus 5% post-award interest; \$3.8 million in attorneys' fees; \$215,000 in costs; and \$750 to reimburse Moyett for the arbitration filing fee.

Mougey says the award has helped make his client whole and heralded the arbitrators' conduct during the arbitration.

"This was a grueling job, often 13-hour days of testimony. There were over 300 exhibits, some hundreds of pages long. We think the panel got it perfect and I was very impressed with the long days they put in and their attention to detail," he says.

Mougey, an attorney at Pensacola, Florida, law firm Levin Papantonio, says he's represented about 300 former UBS clients. This was the largest award one of his client's has received.

The arbitrators also ordered UBS to pay \$56,700 of the \$59,400 cost of the hearings.

The panel did not, however, grant Moyett's request for punitive damages, a fact noted by UBS.

"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 20 years Puerto Rico bonds provided steady and substantial returns also coupled with extraordinary tax advantages available only to Puerto Rico residents," the firm said in a statement.

### **The Bond Buyer**

By Andrew Welsch

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