

**Expungement Award  
FINRA Dispute Resolution Services**

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In the Matter of the Arbitration Between:

Claimant

Federico Andres Lopez Juarbe

Case Number: 23-00964

vs.

Respondent

UBS Financial Services Inc.

Hearing Site: San Juan, Puerto Rico

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Awards are rendered by independent arbitrators who are chosen by the parties to issue final, binding decisions. FINRA makes available an arbitration forum—pursuant to rules approved by the SEC—but has no part in deciding the award.

Nature of the Dispute: Associated Person vs. Member

**REPRESENTATION OF PARTIES**

For Claimant Federico Andres Lopez Juarbe: Gabriela A. Perez, Esq., Sonia Lopez, Esq. and Roberto C. Quinones, Esq., McConnell Valdes LLC, San Juan, Puerto Rico.

For Respondent UBS Financial Services Inc.: Rey F. Medina-Velez, Esq., Sánchez/LRV LLC, San Juan, Puerto Rico.

**CASE INFORMATION**

Statement of Claim filed on or about: April 12, 2023.

Federico Andres Lopez Juarbe signed the Submission Agreement: April 12, 2023.

Statement of Answer filed by Respondent on or about: April 28, 2023.

UBS Financial Services Inc. signed the Submission Agreement: April 28, 2023.

**CASE SUMMARY**

In the Statement of Claim, Claimant asserted a claim seeking expungement of customer dispute information from registration records maintained by the Central Registration Depository (“CRD”).

In the Statement of Answer, Respondent supported Claimant’s expungement request.

**RELIEF REQUESTED**

In the Statement of Claim, Claimant Federico Andres Lopez Juarbe (CRD Number 4685974) requested expungement of Occurrence Numbers 1699065, 1699077, 1713087 and 2008499.

In the Statement of Answer, Respondent requested that a finding be entered by the Arbitrator in favor of Claimant.

## **OTHER ISSUES CONSIDERED AND DECIDED**

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

On September 5, 2024, Claimant advised that the customers in Occurrence Numbers 1699065, 1699077, 1713087 and 2008499 (“Customers”) were served with the Statement of Claim and with notice of the date and time of the expungement hearing. The Arbitrator found that the Customers had notice of the expungement request and hearing.

The Arbitrator conducted a recorded hearing by audioconference on September 10, 2024, so the parties could present oral argument and evidence on Claimant’s request for expungement. Claimant participated by audioconference at the expungement hearing. Respondent participated in the expungement hearing and, as stated in the Statement of Answer, supported the request for expungement. The Customers did not participate in the expungement hearing.

The Arbitrator noted Claimant’s representation that a prior arbitration panel or court has not previously ruled on expungement of the same occurrences in the CRD.

The Arbitrator reviewed the settlement documentation related to Occurrence Numbers 1699065, 1699077, 1713087 and 2008499, considered the amounts of payments made to any party to the settlements, and considered other relevant terms and conditions of the settlements. The Arbitrator noted that the settlements were not conditioned on any party to the settlements not opposing the expungement request and that Claimant did not contribute to the settlement amounts.

The Arbitrator relied upon the following documentary or other evidence: the testimony of Claimant which was relied upon extensively; the settlement agreements (Exhibits B1-B4); the Customers' Statements of Claims (Exhibits C1-C4); Respondent’s Answers to the Customers' claims (Exhibits D1-D4); Supplemental Exhibits 1B, 1E, 1F, 1G, 1I, 2E, 2G, 3D; and, other exhibits in evidence.

## **AWARD**

After considering the pleadings, the testimony and evidence presented at the expungement hearing, and any post-hearing submissions, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. The Arbitrator awards the expungement of all references to Occurrence Numbers 1699065, 1699077, 1713087 and 2008499, from registration records maintained by the CRD for Claimant Federico Andres Lopez Juarbe (CRD Number 4685974) with the understanding that, pursuant to Rule 2080, Claimant must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Unless specifically waived in writing by FINRA, parties seeking judicial confirmation of an arbitration award containing expungement relief must name FINRA as an additional party and serve FINRA with all appropriate documents.

Pursuant to Rule 13805 of the Code of Arbitration Procedure ("Code"), the Arbitrator has made the following affirmative findings of fact:

The claim, allegation, or information is factually impossible or clearly erroneous.

The claim, allegation, or information is false.

The Arbitrator has made the above findings based on the following reasons:

Claimant, a financial advisor ("FA"), seeks expungement of four adverse matters that were reported on his official record ("CRD"). These matters were four customers' (the "Customers") arbitration claims against Respondent. Claimant was not a party to the Customers' actions, and when the actions were settled by Respondent, Claimant did not participate in any way and did not pay anything. All of the subject Customers' accounts were non-discretionary, meaning that the Customers themselves chose all investments.

Generally, the Customers alleged that Respondent advised them to overconcentrate their respective investment accounts in Puerto Rican closed end funds ("PR CEFs") and Puerto Rican bonds ("PR Bonds"). The Customers did, in fact, have substantial amounts of PR Bonds in their accounts, which lost substantial value when there was an unprecedented crash of the Puerto Rican bond market in 2013.

Claimant never advised the Customers to overconcentrate their investment accounts in PR Bonds. Rather, Claimant recommended that the Customers diversify away from PR Bond investments, but the Customers did not follow his advice.

The various PR Bonds held by the Customers in their respective investment accounts were very highly rated and they performed well for many years by generating substantial tax advantaged regular income. It was well known in the Puerto Rican investment community that Puerto Rican residents like the Customers received very favorable tax advantages by owning and investing in PR Bonds. In addition to income tax advantages, the Customers avoided estate taxes and gift taxes by investing in PR Bonds.

Since Claimant did not recommend that the Customers overconcentrate in PR Bonds, it would be unfair for the Customers' claims to remain on his CRD. Claimant did nothing wrong, the PR Bonds were suitable investments, and Claimant did not cause any Customer losses.

As to Occurrence Number 1699065, the customer wanted high tax-free current income and Claimant's advice to diversify away from PR Bonds was only partially followed.

As to Occurrence Number 1699077, the customer accepted a few of Claimant's recommendations to diversify out of PR Bonds, as the investment portfolio was about 29% PR Bonds at the time of the 2013 Puerto Rican bond market crash. The customer was fully aware of all risks but chose to keep PR Bonds as investments.

As to Occurrence Number 1713087, the customer was very experienced and only wanted high-yielding tax-free income. The customer's PR Bonds generated over \$160,000.00 of tax-free income.

As to Occurrence Number 2008499, the Customers wanted tax-free income to cover rising healthcare costs. Those customers rejected Claimant's advice to sell PR Bonds so as to diversify away from Puerto Rican assets.

As to all of the PR Bonds in the various Customers' respective accounts, they were very highly rated and clearly suitable as investments. All Customers understood the risks and rewards of the various PR Bonds as investments.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

FINRA Dispute Resolution Services assessed a filing fee\* for each claim:

Initial Claim Filing Fee = \$ 1,600.00

\*The filing fee is made up of a non-refundable and a refundable portion.

#### **Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, Respondent UBS Financial Services, Inc. is assessed the following:

Member Surcharge = \$ 2,000.00  
Member Process Fee = \$ 3,850.00

#### **Hearing Session Fees and Assessments**

The Arbitrator has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the Arbitrator(s), including a pre-hearing conference with the Arbitrator(s), which lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) pre-hearing session with a single Arbitrator @ \$1,150.00/session = \$ 1,150.00  
Pre-Hearing Conference: August 15, 2013 1 session

One (1) hearing session on expungement request @ \$1,150.00/session = \$ 1,150.00  
Hearing: September 10, 2024 1 session

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Total Hearing Session Fees = \$ 2,300.00

Pursuant to the parties' agreement, the Arbitrator has assessed the total hearing session fees to Respondent.

All balances are payable to FINRA Dispute Resolution Services and are due upon receipt.

**ARBITRATOR**

Christopher J. Klein

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Sole Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument, which is my award.

**Arbitrator's Signature**

***Christopher J. Klein***

Christopher J. Klein  
Sole Public Arbitrator

**09/12/2024**

Signature Date

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September 12, 2024

Date of Service (For FINRA Dispute Resolution Services use only)