

**Award**  
**FINRA Office of Dispute Resolution**

---

In the Matter of the Arbitration Between:

Claimant  
WRI Vending Machines, Inc.

Case Number: 14-01450

vs.

Respondents  
Santander Securities, LLC  
Oriental Financial Services Corp.

Hearing Site: San Juan, Puerto Rico

---

Nature of the Dispute: Customer vs. Members

This case was decided by an all-public panel.

**REPRESENTATION OF PARTIES**

For Claimant WRI Vending Machines, Inc.: Jeffrey Erez, Esq., Sonn & Erez, PLC, Miami, Florida and Eliezer A. Aldarondo-Lopez, Esq., Aldarondo & Lopez-Bras, P.S.C., Guaynabo, Puerto Rico.

For Respondent Oriental Financial Services, Corp. ("Oriental Financial"): Alfredo Fernández Martínez, Esq. and Pedro Hernández Freire, Esq., Delgado & Fernández, LLC, San Juan, Puerto Rico.

For Respondent Santander Securities, LLC ("Santander"): Mauricio O. Muniz-Luciano, Esq. and Ana Margarita Rodríguez-Rivera, Esq., O'Neill & Borges LLC, San Juan, Puerto Rico.

**CASE INFORMATION**

Statement of Claim filed on or about: May 8, 2014.  
Waldemar Rivera Izquierdo, as authorized representative of WRI Vending Machines, Inc., signed the Submission Agreement: May 7, 2014.  
Amended Statement of Claim filed by Claimant on or about: July 8, 2014.

Answer to the [Amended] Statement of Claim filed by Respondent Santander on or about: July 10, 2014.  
Santander Securities, LLC signed the Submission Agreement: August 18, 2014.

Answer to Amended Statement of Claim filed by Respondent Oriental Financial on or about: July 30, 2014.  
OFS Securities, Inc. signed the Submission Agreement: July 8, 2014.

Emergency Motion to Compel and for Sanctions as to Respondent Oriental Financial

filed by Claimant on or about: November 22, 2016.  
Opposition to Claimant's Emergency Motion to Compel and for Sanctions filed by Respondent Oriental Financial on or about: November 23, 2016.

Emergency Motion to Compel and for Sanctions as to Respondent Santander filed by Claimant on or about: November 23, 2016.  
Urgent Opposition to Claimant's Emergency Motion to Compel and for Sanctions filed by Respondent Santander on or about: November 28, 2016.

Emergency Motion to Compel Production of Settlement Agreement filed by Respondent Oriental Financial on or about: December 7, 2016.

### **CASE SUMMARY**

In the Statement of Claim, as amended, Claimant asserted the following causes of action: breach of fiduciary duty, negligence, negligent supervision and fraud - Article 1802 of the Civil Code of Puerto Rico, 31 L.P.R.A Section 5141; breach of contract; breach of contract - third party beneficiary; violation of the Puerto Rico Uniform Securities Act; and violation of Sections 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5. The causes of action relate to, among other things, Claimant's purchases of Puerto Rico Commonwealth Government Development Bank bonds and Puerto Rico Public Finance Corporation bonds financed with a margin loan.

Unless specifically admitted in its Answer, Respondent Santander denied the allegations made in the Statement of Claim, as amended, and asserted various affirmative defenses.

Unless specifically admitted in its Answer, Respondent Oriental Financial denied the allegations made in the Statement of Claim, as amended, and asserted various affirmative defenses.

### **RELIEF REQUESTED**

In the Statement of Claim, as amended, Claimant requested: compensatory damages in excess of \$1,000,000.00; rescission; unspecified punitive damages; interest; costs; attorneys' fees; and such other and further relief this Panel deemed just and proper.

At the close of the hearing, Claimant requested: compensatory damages in the amount of \$2,348,082.00.

In its Answer to the Statement of Claim, as amended, Respondent Santander did not specifically delineate a relief request.

In its Answer to the Statement of Claim, as amended, Respondent Oriental Financial requested that the Panel dismiss all claims filed by Claimant.

### **OTHER ISSUES CONSIDERED AND DECIDED**

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

On or about July 8, 2014, Claimant filed an Amended Statement of Claim for the purpose of substituting Respondent Oriental Financial Services Corp. for Respondent OFS Securities, Inc. as the correct co-respondent in this matter, because Oriental Financial Services Corp. is the surviving entity following a merger between the two. The case caption has been updated to reflect this change.

On or about November 22, 2016, Claimant filed an Emergency Motion to Compel and for Sanctions as to Respondent Oriental Financial in which it asserted that Respondent Oriental Financial failed to produce discoverable documents that are directly related to the issues in this case and that Respondent Oriental Financial was previously ordered by the Chairperson to produce. In its Opposition, Respondent Oriental Financial asserted, among other things, that all responsive documents have been produced. On or about November 29, 2016, following a telephonic pre-hearing conference with the parties, the Panel issued an Order denying the Motion.

On or about November 23, 2016, Claimant filed an Emergency Motion to Compel and for Sanctions as to Respondent Santander in which it asserted that Respondent Santander failed to produce discoverable documents that are directly related to the issues in this case and that Respondent Santander was previously ordered by the Chairperson to produce. In its Opposition, Respondent Santander asserted, among other things, that it has complied with the Chairperson's Order. On or about November 29, 2016, following a telephonic pre-hearing conference with the parties, the Panel issued an Order that granted, in part, Claimant's Motion to Compel as to certain discovery requests, stated that no ruling on the request for sanctions would be made at that time, and permitted Claimant to re-assert its request for sanctions at any time prior to the closing of the hearing.

On or about December 1, 2016, Claimant filed with FINRA Office of Dispute Resolution a notice of settlement of claims against Respondent Santander. Therefore, the Panel made no determinations with respect to any of the claims asserted by Claimant against Respondent Santander in the Statement of Claim, as amended.

On or about December 7, 2016, Respondent Oriental Financial filed an Emergency Motion to Compel Production of Settlement Agreement, requesting that the Panel issue an Order directing Claimant and Respondent Santander to immediately produce an unredacted copy of the Settlement Agreement reached by them in this case, and proof of payment of the settlement amount. On December 7, 2016, the Chair issued an Order stating that the Motion would be addressed at the evidentiary hearing, at which time the Motion was rendered moot by Claimant's production of the Settlement Agreement.

During closing arguments at the in-person evidentiary hearing, Respondent Oriental Financial asserted that New York law, not Puerto Rico law, applied to this case. In response, Claimant opposed Respondent Oriental Financial's request and asserted that this argument violated FINRA rules. As this assertion was not in Respondent Oriental Financial's Answer to the Amended Statement of Claim or pre-trial brief, the Panel did not take a position with respect to the parties' assertions.

The parties present at the hearing have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

### **AWARD**

After considering the pleadings, the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Oriental Financial is liable for and shall pay to Claimant the sum of \$808,000.00 in compensatory damages.
2. Respondent Oriental Financial is liable for and shall pay to Claimant interest on the above-stated sum at the rate of 3% per annum accruing from May 8, 2014, through and including the date the Award is paid in full.
3. Respondent Oriental Financial is liable for and shall pay to Claimant the sum of \$41,736.00 in costs.
4. Respondent Oriental Financial is liable for and shall pay to Claimant the sum of \$133,000.00 in attorneys' fees pursuant to the Puerto Rico Uniform Securities Act and *First Interregional Equity Corp. v. Haughton*, 842 F. Supp. 105, 112-13 (S.D.N.Y. 1994).
5. Respondent Oriental Financial is liable for and shall pay to Claimant the sum of \$600.00, representing the non-refundable portion of the claim filing fee previously paid to FINRA Office of Dispute Resolution by Claimant.
6. Any and all relief not specifically addressed herein, including Claimant's request for punitive damages, is denied.

### **FEES**

Pursuant to the Code of Arbitration Procedure, the following fees are assessed:

#### **Filing Fees**

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

Initial Claim Filing Fee	= \$ 1,800.00
--------------------------	---------------

*\*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 parties, Respondents OFS Securities, Inc., Oriental Financial and Santander are each assessed the following:

Respondent OFS Securities, Inc.  
 Member Surcharge = \$ 2,800.00

Respondent Oriental Financial  
 Member Surcharge = \$ 2,800.00  
 Pre-Hearing Processing Fee = \$ 750.00  
 Hearing Processing Fee = \$ 5,000.00

Respondent Santander  
 Member Surcharge = \$ 2,800.00  
 Pre-Hearing Processing Fee = \$ 750.00  
 Hearing Processing Fee = \$ 5,000.00

**Hearing Session Fees and Assessments**

The Panel 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) that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00/session = \$ 900.00  
 Pre-hearing conferences: October 5, 2015 1 session  
 October 20, 2015 1 session

Five (5) Pre-hearing sessions with the Panel @ \$1,200.00/session = \$ 6,000.00  
 Pre-hearing conferences: December 8, 2014 1 session  
 January 20, 2016 1 session  
 January 25, 2016 1 session  
 November 28, 2016 1 session  
 November 29, 2016 1 session

Eighteen (18) hearing sessions @ \$1,200.00/session = \$21,600.00  
 Hearing Dates: December 12, 2016 2 sessions  
 December 13, 2016 3 sessions  
 December 14, 2016 3 sessions  
 December 15, 2016 3 sessions  
 December 16, 2016 2 sessions  
 December 19, 2016 2 sessions  
 December 20, 2016 2 sessions  
 December 21, 2016 1 session

---

Total Hearing Session Fees = \$28,500.00

The Panel has assessed the \$14,250.00 of the hearing session fees to Claimant.

The Panel has assessed \$10,800.00 of the hearing session fees to Respondent Oriental Financial.

The Panel has assessed \$3,450.00 of the hearing session fees joint and several to Respondents Santander and Oriental Financial.

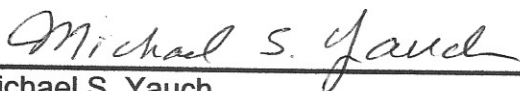
All balances are payable to FINRA Office of Dispute Resolution and are due upon receipt.

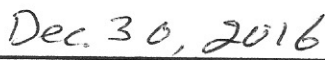
**ARBITRATION PANEL**

Michael S. Yauch	-	Public Arbitrator, Presiding Chairperson
Joseph Neal Richardson	-	Public Arbitrator
Maria Eliz Hernandez	-	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.

**Concurring Arbitrators' Signatures**

  
\_\_\_\_\_  
Michael S. Yauch  
Public Arbitrator, Presiding Chairperson

  
\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Joseph Neal Richardson  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Maria Eliz Hernandez  
Public Arbitrator

\_\_\_\_\_  
Signature Date

January 3, 2017

\_\_\_\_\_  
Date of Service (For FINRA Office of Dispute Resolution use only)

**ARBITRATION PANEL**

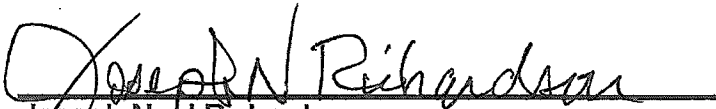
Michael S. Yauch	-	Public Arbitrator, Presiding Chairperson
Joseph Neal Richardson	-	Public Arbitrator
Maria Eliz Hernandez	-	Public Arbitrator


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

**Concurring Arbitrators' Signatures**

\_\_\_\_\_  
Michael S. Yauch  
Public Arbitrator, Presiding Chairperson

\_\_\_\_\_  
Signature Date

  
\_\_\_\_\_  
Joseph Neal Richardson  
Public Arbitrator

  
\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Maria Eliz Hernandez  
Public Arbitrator

\_\_\_\_\_  
Signature Date

January 3, 2017

\_\_\_\_\_  
Date of Service (For FINRA Office of Dispute Resolution use only)



**ARBITRATION PANEL**

Michael S. Yauch	-	Public Arbitrator, Presiding Chairperson
Joseph Neal Richardson	-	Public Arbitrator
Maria Eliz Hernandez	-	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.

**Concurring Arbitrators' Signatures**

\_\_\_\_\_  
Michael S. Yauch  
Public Arbitrator, Presiding Chairperson

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Joseph Neal Richardson  
Public Arbitrator

\_\_\_\_\_  
Signature Date



12/31/2016

\_\_\_\_\_  
Maria Eliz Hernandez  
Public Arbitrator

\_\_\_\_\_  
Signature Date

January 3, 2017

\_\_\_\_\_  
Date of Service (For FINRA Office of Dispute Resolution use only)