

# UBS hit with \$2.5 million award in Puerto Rico case

**InvestmentNews**

*Claim is tied to so-called “Whopper” broker Jose Gabriel Ramirez Jr., who faces raft of claims related to closed-end funds*

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[UBS Wealth Management](#) Americas has been ordered to pay more than \$2.5 million to a retired couple in San Juan, Puerto Rico, who said they were over-sold proprietary closed-end bond funds by a former UBS broker.

The couple, Orlando Rodriguez Gonzalez and Milagros Vila Maldonado, who are in their 70s, had all of their roughly \$7 million in liquid assets placed into closed-end mutual funds concentrated in Puerto Rico bonds, according to an attorney on the case, Jeffrey Erez of Sonn & Erez PLC in Miami.

The broker, Jose Gabriel Ramirez Jr., nicknamed “The Whopper,” also recommended, according to plaintiffs' attorneys, that they take out a \$3 million loan, \$2 million of which was reinvested in the closed-end funds.

The two lost some \$2.1 million in assets after the funds began to suddenly and dramatically decline in value during the fall of 2013, Mr. Erez said. Trading losses totaled \$6 million, he claimed.

“They gave all their liquid savings to UBS and wanted a conservative, safe investment,” Mr. Erez said. “And [Mr.] Ramirez ... recommended eventually a portfolio of all [closed-end] funds and also recommended using \$2 million in loans to invest in the funds.”

The couple filed an arbitration claim with the Financial Industry Regulatory Authority Inc. claiming unsuitable investments, breach of fiduciary duty, negligence and fraud tied to Puerto Rico closed-end mutual funds concentrated in the country's bonds. They had asked for between \$3 million and \$6 million in compensatory damages.

The case is one of many UBS is facing from investors in Puerto Rico. UBS has said the claims total over \$1 billion. So far, investors have won several of the awards, although sometimes for much less than the amounts requested. In a claim from July, for example, a panel [awarded \\$250,000 of the \\$2.5 million requested](#).

A spokesman for UBS, Gregg Rosenberg, said the funds had performed well for investors for more than 20 years.

"Although the arbitrators awarded less than the full damages claimants requested, UBS is disappointed with the decision to award any damages, with which we respectfully disagree," Mr. Rosenberg said. "UBS notes that the decision in this case was based on the facts and circumstances particular to these individual claimants, and is not indicative of how other panels may rule with regard to other customers who invested in similar products."

He said UBS has been monitoring the situation in Puerto Rico and "regularly provided our clients with research and insights on interest rates risks and municipal bond price fluctuations."

Other firms also are facing claims for sales of closed-end Puerto Rico bond funds.

The couples' broker, Mr. Ramirez, [has racked up tens of millions of dollars in investor complaints](#), according to his BrokerCheck report. He pleaded the Fifth in this case, according to Mr. Erez.

“This award soundly rejected UBS' central theme that all Puerto Rico investors only wanted tax-free Puerto Rico based investments,” Mr. Erez said in a statement. “We contended the UBS closed-end funds were improperly sold in over-concentrated amounts and that UBS should have never recommended the use of credit line loans to buy even more funds, in violation of SEC regulations and UBS policies.”