Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Casto Miguel Coll Del Rio

vs.

Respondent
UBS Financial Services Incorporated of Puerto Rico

Case Number: 21-01074

Hearing Site: San Juan, Puerto Rico

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 Casto Miguel Coll Del Rio: Linette Figueroa-Torres, Esq. and Russell Del Toro-Parra, III, Esq., Toro Colón Mullett, P.S.C., San Juan, Puerto Rico.

For Respondent UBS Financial Services Incorporated of Puerto Rico: Rey F. Medina Vélez, Esq., UBS Financial Services Incorporated of Puerto Rico, San Juan, Puerto Rico.

CASE INFORMATION

Statement of Claim filed on or about: April 23, 2021.
Casto Miguel Coll Del Rio signed the Submission Agreement: April 23, 2021.

Statement of Answer filed by Respondent on or about: May 25, 2021.
UBS Financial Services Incorporated of Puerto Rico signed the Submission Agreement: May 25, 2021.

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 requested an order recommending that all refences to Occurrence Numbers 1731690 ("Customer A"), 1959981 ("Customer B"), and 1984149 ("Customer C") be expunged from Claimant's CRD record.

In the Statement of Answer, Respondent requested that a finding should be entered by the presiding Arbitrator in favor of Claimant obtaining expungement of the underlying arbitrations from his CRD record.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrator acknowledges having read the pleadings and other materials filed by the parties.

On September 16, 2021, Claimant advised that Customer A and Customer B, along with the heirs of Customer C, hereinafter referred to collectively as the "Customers," were served with the Statement of Claim and notice of the date and time of the expungement hearing.

The Arbitrator conducted a recorded, telephonic hearing on October 7, 2021, so the parties could present oral argument and evidence on Claimant's request for expungement.

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 found that the Customers had notice of the expungement request and hearing.

The Arbitrator reviewed Claimant's BrokerCheck® Report. The Arbitrator noted that a prior arbitration panel or court did not previously rule on expungement of the same occurrences in the CRD.

The Arbitrator also reviewed the settlement documentation related to Occurrence Numbers 1731690, 1959981, and 1984149, considered the amount of payment 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.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: the Customers' Statements of Claim in the underlying actions, Respondents' Statements of Answer in the underlying actions, Claimant's Statement of Claim, Exhibits attached to the Statement of Claim, Claimant's Proof of Service to the Customers in the underlying actions, Claimant's current BrokerCheck® Report, Respondent's Statement of Answer, Claimant's hearing testimony, and argument of counsel for the parties.

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 recommends the expungement of all references to Occurrence Numbers 1731690, 1959981, and 1984149 from registration records maintained by the CRD for Claimant Casto Miguel Coll Del Rio (CRD Number 2444524) with the understanding that, pursuant to Notice to Members 04-16, Claimant Casto Miguel Coll Del Rio 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 Rule 2080 affirmative findings of fact:

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

   The registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds.

   The claim, allegation, or information is false.

   The Arbitrator has made the above Rule 2080 findings based on the following reasons:

   Claimant's Background and Employment:

   In 1986, Claimant earned a Bachelor of Arts degree in business with a major in marketing. He has been registered with Respondent since January of 2002. He is registered with nine (9) self-regulatory organizations and in two U.S. States and Territories. Prior to being registered with Respondent, Claimant was registered with Prudential Securities Incorporated in New York for about one (1) year and with Doral Securities Incorporated in Puerto Rico from 1996-2002.

   Occurrence Number 1731690 (Case Number 14-03046):

   Customer A worked at various financial institutions in Puerto Rico ("PR") before retiring. Customer A was a branch manager for a financial services company when she retired in 1999. In total, Customer A worked in the financial services industry for nearly thirty-five (35) years before retiring. When Customer A opened her investment account in 1997, it was with PaineWebber, a predecessor firm to Respondent. Other Financial Advisors ("FAs") handled her account. Customer A made all of the purchases of PR investments at issue in her Statement of Claim with FAs other than Claimant. Most of Customer A's purchases had been made prior to Claimant starting his employment with Respondent.

In 2006, about three (3) years after Customer A's last investments in PR Funds had been made, Respondent administratively assigned her account to Claimant. Before that event occurred, Claimant never had met in person or even spoken with Customer A, and he had never made a buy, hold, or sell recommendation or otherwise had provided Customer A any other services. In fact, Claimant already owned all of the investments at issue in her Statement of Claim prior to Claimant becoming her FA.

After Claimant took over responsibility for Customer A's account, the Respondent sent letters to Customer A advising her of the FA change and to communicate with Claimant to discuss her account. However, Customer A did not respond at that time and rarely did so during the relationship between her and Respondent. Customer A was satisfied with the regular monthly income that her PR investments generated and was not interested in making changes to her portfolio. Her account was structured to automatically withdraw dividends that her PR funds produced each month. Customer A contacted Claimant's office only a few times regarding administrative and other non-investment matters. When Customer A and Claimant did have conversations, Claimant made sure that Customer A was on notice that her portfolio was exposed to PR securities investment risks and the need to diversify her investments. Claimant never recommended that Customer A hold onto the current array of PR investments in her account.

After the PR bond market collapse in the late summer of 2013, Respondent and Claimant sent Customer A letters explaining the situation at that time and urged her to get in touch with Claimant about what to do with her account. However, Customer A did not avail herself of the opportunity to contact Claimant. In December of 2013, Customer A decided to transfer her investments out of Respondent's firm and closed her account. At that time, Customer A had registered an overall net gain from her investments, taking into account all of the tax-advantaged income she had been earning on a monthly basis for more than a decade. Again, Customer A never bought any investments from Claimant after he became her FA. Instead, Customer A continued to hold the same array of investments that she had purchased prior to Claimant being assigned to her account until Customer A closed that account.

In October 2014, Customer A filed a Statement of Claim against Respondent to recover alleged losses resulting from the summer of 2013 decline in the PR bond market. Claimant was not named as a Respondent in the Statement of Claim in the underlying action. Respondent filed a Statement of Answer and denied the allegations of any wrongdoing. Respondent also raised several affirmative defenses. On October 11, 2016, Respondent and Customer A reached a settlement in the underlying action. Claimant was not a party to the settlement, did not participate in the settlement negotiations, and did not, nor was asked to, contribute to the settlement payment.

Occurrence Number 1959981 (Case Number 17-02882):

Customer B in the underlying Action is a retired attorney who had worked for Puerto Rico's General Services Administration. Customer B opened an account at PaineWebber around 1993. PaineWebber later became part of Respondent. Other FAs had serviced Customer B's account until 2006, when Respondent administratively assigned Claimant the account. Customer B had purchased all of the investments at issue in the Statement of Claim between 1997 and 2004. Claimant did not make any recommendations relating to these

purchases, nor was he involved in any of those transactions. Claimant never had met or even spoken with Customer B until 2006.

After he began servicing Customer B's accounts, Claimant would contact him from time to time, directly or through staff, to ensure that Customer B's investment objectives were being fulfilled. Claimant also apprised Customer B about his risk exposure by being concentrated in PR investments. Claimant recommended that Customer B diversify his portfolio to reduce risk. However, Customer B repeatedly declined to follow Claimant's advice, stating that he was satisfied with the monthly tax-free and tax-advantaged income that his PR investments generated.

After the PR bond market collapse in the late summer of 2013, Claimant conferred on various occasions with Customer B, answered his inquiries, and made recommendations to have Customer B reduce his risk by selling positions in PR bonds and funds. After initial rejection of those recommendations because those securities were still producing monthly income, in 2015, Customer B finally liquidated and closed his account. Taking into account the years of tax-free, tax-advantaged income from his PR investments, Customer B enjoyed an overall net profit.

In October 2017, Customer B filed his Statement of Claim against Respondent to recover the decline in value of his PR bonds and funds. Customer B did not name Claimant as a respondent. Respondent filed a Statement of Answer, denying all allegations of wrongdoing, and asserted affirmative defenses. In January of 2019, Customer B and Respondent reached a settlement. Claimant was not a party to the settlement, did not participate in the settlement negotiations, and did not, nor was asked to, contribute to the settlement payment.

Occurrence Number 1984149 (Case Number 18-02006):

The claimants in the underlying action were the heirs ("Heirs") of an individual, Customer C, who had been a dairy farmer and investor. Customer C had decades of experience purchasing PR securities. He opened an individual investment account with PaineWebber in 1989. At that time, his account was handled by other FAs and did not include Claimant. By the end of 1997, Customer C's account had a high monetary value, with a concentration of 90% in PR investments and a small percentage of the total in a U.S. Treasury Note. After the account was transferred to Doral Securities in 2002, it later became an account with Respondent when Respondent acquired Doral Securities. Between 1998 and 2004, Customer C invested in the securities at issue in the Statement of Claim. The Heirs were the claimants in the underlying action. Claimant was not involved in any of Customer C's purchases of the securities at issue in the Statement of Claim.

Around 2006, the FAs who had been handling Customer C's accounts left the Respondent's employment, and Customer C's individual account was assigned to Claimant. Prior to that time, Claimant had never met or spoken with Customer C, nor had he ever serviced any of Customer C's accounts. In 2010, Claimant also was assigned Customer C's joint account. Customer C's last purchase of securities was in 2004, that is, two (2) years before Claimant was administratively assigned Customer C's individual account. Customer C had been satisfied with the performance of his accounts because he was able to withdraw monthly income from them. All of the investments complained about in the Statement of Claim

originated from purchases made while other FAs handled Customer C's individual and joint accounts.

After taking over responsibility for these accounts, Claimant made efforts to communicate with Customer C to discuss the make-up of Customer C's investment portfolio. Claimant used his best efforts to explain important aspects of Customer C's investments, including the types of risks associated with them. Claimant believed Customer C's portfolio was too vulnerable to PR investment risks and urged Customer C to consider diversifying the portfolio with other types of investments. However, Customer C reiterated that he was fully satisfied with his investments and their recurring tax-advantaged income.

It should be noted that Customer C was of an advanced age and difficult to communicate with on a regular basis. Customer C only contacted Claimant and his staff about service issues and not investment strategies. Customer C did not accept Claimant's recommendations to diversify his portfolio. Customer C passed away in December of 2012 at the age of 91. At that time, Claimant made efforts to communicate with the Heirs who had inherited the accounts. However, those efforts turned out to be very difficult. Only after the PR bond market collapse in August of 2013 did the Heirs begin providing necessary estate paperwork to wind down and distribute the assets in Customer C's accounts, and that process took several months to accomplish. Some of the Heirs opened new accounts with other FAs and, therefore, Claimant never spoke with them. Two of the Heirs did open accounts with Claimant. Claimant explained to them the situation as to what was happening in the PR bond market, including the options they had to diversify their investments. Claimant also ensured those Heirs were aware of the existence of the "repurchase program" for owners of PR bonds and funds. However, those two Heirs decided to keep their PR securities even in the face of the PR bond market decline.

On May 25, 2018, the Heirs filed their Statement of Claim against Respondent to recover alleged losses resulting from the PR bond collapse. Claimant was not named as a respondent in that Statement of Claim. Respondent filed a Statement of Answer, denied the allegations of wrongdoing, and raised several affirmative defenses. On June 4, 2019, the Heirs reached a settlement with Respondent. Claimant was not a party to the settlement, did not participate in the settlement negotiations, and did not, nor was asked to, contribute to the settlement payment.

Conclusion:

It should be noted that pursuant to FINRA Rules, because Claimant was the Customers' broker of record at the time their Statements of Claim were filed in these three underlying actions, these cases were reportable on his CRD. See FINRA Rule 4530. In all three cases, Respondent filed Statements of Answer to the Statements of Claim, denied the allegations of wrongdoing, and raised affirmative defenses. Respondent and the Customers settled each of these underlying actions. Respondent settled the three actions solely for business purposes. Claimant was not a party to the settlements, did not participate in the settlement negotiations, and did not, nor was asked to, contribute to the settlement payments.

The Arbitrator recommends that Occurrence Numbers 1731690, 1959981, and 1984149 on Claimant's CRD be expunged under FINRA Rules 2080(b)(1)(A), (B), and (C).

2. Any and all claims for relief not specifically addressed herein are denied.

FEES

Pursuant to the Code, the following fees are assessed:

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

Expungement 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 that employed the associated person at the time of the events giving rise to the dispute. Accordingly, as a party, Respondent 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, including a pre-hearing conference with the Arbitrator, which lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) hearing session on expungement request @ $1,150.00/session	=$	1,150.00
Hearing: October 7, 2021 1 session		
Total Hearing Session Fees	=$	1,150.00

The Arbitrator has assessed the total hearing session fees to Respondent, per the Parties' agreement.

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

ARBITRATOR

Martin A. Feigenbaum - 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

Martin A. Feigenbaum **10/13/2021**

Martin A. Feigenbaum
Sole Public Arbitrator

Signature Date

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October 14, 2021
Date of Service (For FINRA Dispute Resolution Services use only)