

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 81100 / July 7, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-16846

In the Matter of

UBS FINANCIAL SERVICES
INCORPORATED OF PUERTO RICO

Respondent.

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ORDER APPROVING
PLAN OF DISTRIBUTION
AND CONSOLIDATING
SETTLEMENT FUNDS FOR
ADMINISTRATION

ADMINISTRATIVE PROCEEDING
File No. 3-16847

In the Matter of

RAMIRO L. COLON, III

Respondent.

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On September 29, 2015, the Commission issued separate, but related, settled Orders Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (collectively, the “Orders”)¹ against UBS Financial Services Inc. of Puerto Rico (“UBSPR”) and, UBSPR Guayanabo branch office manager, Ramiro L. Colon, III (“Colon”) (collectively, the “Respondents”). Each Order found that UBSPR, through Colon, violated Section 15(b)(4)(E) of the Securities Exchange Act of 1934 (“Exchange Act”) by failing to supervise Jose Ramirez, Jr., a registered representative and associated person of UBSPR and UBSPR’s Guayanabo branch, who engaged in conduct that violated the anti-fraud provisions of Section 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The Order required Respondent to pay disgorgement of \$1,188,149.41, prejudgment

¹ Admin. Proc. File Nos. 3-16846, 3-16847.

interest of \$174,196.97, and a \$13,637,653.62 civil money penalty; Colon was ordered to pay a \$25,000 civil money penalty. UBSPR and Colon paid the amounts ordered in their respective orders, which total \$15,025,000. In the UBSPR Order, the Commission created a Fair Fund for the distribution to harmed investors pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, of the disgorgement, prejudgment interest and civil penalties paid by UBSPR.

On April 27, 2017, the Commission published a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”) pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1103. The Notice advised interested persons that they could obtain a copy of the proposed plan of distribution (“Plan”) from the Commission’s public website at <http://www.sec.gov/litigation/fairfundlist.htm> or by submitting a written request to Keshia W. Ellis, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5876.

The Notice also advised that all persons desiring to comment on the Plan could submit their comments, in writing, no later than thirty (30) days from the date of the Notice (1) to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090; (2) by using the Commission’s Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or (3) by sending an e-mail to rule-comments@sec.gov. The Commission received no comments on the Plan.

The methodology in the Plan compensates investors who, based on Ramirez’s material misrepresentations, purchased Eligible Securities from January 1, 2011 through September 13, 2013 and suffered an Eligible Loss Amount. If the total Net Harm exceeds the amount of the Net Fair Fund, there will not be enough money in the Net Fair Fund² to pay Eligible Claimants the full amount of their Net Harm. In that event, the Plan’s methodology provides for the Fund Administrator to divide the Net Fair Fund amount by the total dollar value of Net Harm for all valid claims to obtain the *Pro-Rata* Percentage. The Fund Administrator will multiply each Eligible Claimant’s Net Harm by the Pro-Rata Percentage to determine each Eligible Claimant’s distribution amount.

The Division states in the Plan that Colon’s \$25,000 civil penalty will be added to the Fair Fund in *In the Matter of UBS Puerto Rico Financial Services Incorporated*, A.P. File No. 3-16846, for the purposes of distribution administration.

The Division of Enforcement now requests that the Commission approve the Plan.

Accordingly, it is hereby ORDERED, that pursuant to Rule 1104 of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1104, the Plan is approved.

² All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Plan.

IT IS FURTHER ORDERED that the civil penalty in *In the Matter of Ramiro L. Colon, III*, A.P. File No. 3-16847 be consolidated with the fair fund in *In the Matter of UBS Puerto Rico Financial Services Incorporated*, A.P. File No. 3-16846, for the purposes of distribution administration.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields

Secretary