

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 96419 / December 1, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-14863

In the Matter of	:	ORDER AUTHORIZING THE TRANSFER
	:	TO THE U.S. TREASURY OF THE
	:	REMAINING FUNDS AND ANY FUNDS
UBS Financial Services Inc. of	:	RETURNED TO THE FAIR FUND IN THE
Puerto Rico ("UBS"),	:	FUTURE, DISCHARGING THE FUND
	:	ADMINISTRATOR, CANCELING THE
Respondent.	:	ADMINISTRATOR'S BOND, AND
	:	TERMINATING THE FAIR FUND
	:	

On May 1, 2012, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the "Order")¹ against UBS Financial Services Inc. of Puerto Rico ("UBS") (the "Respondent"). In the Order, the Commission found that from May 15, 2008 through September 30, 2009, Respondent made misrepresentations and omissions of material facts to investors in Puerto Rico regarding the secondary market liquidity and pricing of the 23 UBS PR affiliated, closed-end funds (collectively, the "Funds"). In addition, the Commission found that from March 2009 through September 2009, Respondent effectively prevented investors from selling their Fund shares by failing to execute sell orders placed by the investors. The Commission ordered the Respondent to pay \$11,500,000.00 in disgorgement, \$1,109,739.94 in prejudgment interest, and a \$14,000,000.00 civil money penalty, for a total of \$26,609,739.94, to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty paid, along with the disgorgement and interest paid, could be distributed to harmed investors (the "Fair Fund").

The Respondent paid a total of \$26,609,739.94 pursuant to the Order, comprising the Fair Fund.

On January 8, 2013, the Commission issued an order appointing A.B. Data Ltd. as the fund administrator of the Fair Fund and set the administrator's bond amount.²

¹ Securities Act Rel. No. 9318 (May 1, 2012).

² Order Appointing Fund Administrator and Setting Administrator's Bond Amount, Exchange Act Rel. No. 68600 (Jan. 8, 2013).

On January 6, 2017, the Commission published a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”),³ pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans (“Commission’s Rules”);⁴ and simultaneously posted the Proposed Plan of Distribution (the “Proposed Plan”). The Notice advised interested persons that they could obtain a copy of the Proposed Plan from the Commission’s public website or by submitting a written request to Susan Pecaro, 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 Proposed Plan could submit their comments, in writing, within 30 days of the Notice. The Commission received no comments on the Proposed Plan during the comment period. On February 17, 2017, the Secretary, pursuant to delegated authority, issued an order approving the Proposed Plan,⁵ and posted the approved Plan of Distribution (the “Plan”).

The Plan set forth a methodology for allocating the Net Fair Fund comprised of the \$26,609,739.94, plus accumulated interest and earnings thereon, minus all taxes, fees, and other expenses of distributing the Fair Fund to investors who were harmed by Respondent’s misconduct described in the Order. The Plan contains two methodologies for calculating investors' harm. The first methodology sought to compensate investors who were harmed from May 15, 2008 through September 30, 2009, by the misrepresentations and omissions of material facts by Respondent regarding the secondary market liquidity and pricing of the Funds, causing investors to purchase Fund shares at inflated prices and/or to sell Fund shares at depressed prices. In the Plan, these purchases and sales of Fund shares are referred to as "Mispriced Transactions." The second methodology sought to compensate investors who placed marketable orders to sell Fund shares between March 1, 2009 and September 30, 2009, which were not executed by Respondent, in part or in full, and were harmed when selling their Fund shares at a later date. These unexecuted marketable sale orders are referred to as "Delayed Sale Transactions" in the Plan.

Any remaining funds that are infeasible to return to investors is to be transferred to the U.S. Treasury and the Fair Fund terminated, subject to the Commission’s approval of the Fund Administrator’s final accounting.

As ordered by the Commission, the Fund Administrator distributed a total of \$27,063,708.73 from the Fair Fund to 1,240 harmed investors, pursuant to the Plan.⁶ Of this amount \$26,445,984.13 was successfully disbursed and cashed by recipient investors, resulting in recipient investors being compensated for 100% of their losses, including reasonable interest.

The Fair Fund earned \$1,532,439.46 in interest; and paid state and federal taxes of \$322,097.00, investment/bank fees of \$10,184.38, fund administration expenses of \$283,083.92 and tax administration expenses of \$513,883.55. The Fair Fund currently holds \$566,946.42,

³ Exchange Act Rel. No. 79754 (Jan. 6, 2017).

⁴ 17 C.F.R. § 201.1103.

⁵ See Exchange Act Rel. No.80070 (Feb. 21, 2017).

⁶ See Exchange Act Rel. No. 89195 (June 30, 2020).

which consists of undeliverable and uncashed checks, excess funds not needed to fully compensate investors, and accrued interest.

The Plan provides that the Fair Fund is eligible for termination and the Fund Administrator discharged after all of the following have occurred: (a) the final accounting has been approved by the Commission; (b) all taxes and fees have been paid; and (c) any remaining monies have been paid to the Commission for transfer to the Treasury.

The Commission staff has confirmed that the Fund Administrator has completed the distribution process in accordance with the Commission's orders, that all taxes, fees and expenses have been paid, and that all monies remaining in the Fair Fund have been received by the Commission. The final accounting, which was submitted to the Commission for approval, as required by Rule 1105(f) of the Commission's Rules, 17 C.F.R. § 201.1105(f), and as set forth in the Plan, has been approved.

Accordingly, it is ORDERED that:

- A. the Fair Fund's remaining funds that are infeasible to return to investors, and any funds returned to the Fair Fund in the future that are infeasible to return to investors, shall be transferred to the U.S. Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934, 15 U.S. Code § 78u-6(g)(3);
- B. the Fund Administrator, A.B. Data Ltd., is discharged;
- C. the Fund Administrator's bond is canceled; and
- D. the Fair Fund is terminated.

By the Commission.

Vanessa A. Countryman
Secretary