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## Investor Wins Lehman Note Arbitration

In what will likely be a closely studied ruling, a

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*By Jessica Papini*  
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small investor was awarded \$200,000 after an arbitration panel decided her UBS AG broker inappropriately sold her risky Lehman Brothers Holdings Inc. principal-protected notes.

The case is one of the first involving the Lehman notes to be heard by a Financial Industry Regulation Authority arbitration panel. While the arbitration ruling won't set a precedent, it could indicate how rulings on similar cases will play out.

There are "many pending similar cases," said Jacob Zamansky of Zamansky & Associates, who represented the investor. Mr. Zamansky said he is representing a dozen clients in similar situations around the country.

As in most arbitration awards, the three-person

arbitration panel didn't give reasons for its findings.

Other panels don't have to follow precedent, so they could rule in different ways on nearly identical cases. Still, the case will likely be cited by other plaintiff lawyers.

The case, submitted for arbitration a year ago, was brought against UBS Financial Services, a unit of UBS, which also is being investigated by numerous regulators for alleged issues around its selling of these notes. Mr. Zamansky's client was seeking \$300,000 in compensatory damages because the broker recommended structured products. Mr. Zamansky argued that the notes were "speculative derivative securities" and were "unsuitable" for unsophisticated investors, according to the Finra claim statement.

The broker bought two notes for his client: a \$225,000 guaranteed principal

protection note and a \$75,000 return optimization note. The panel ruled the client should be compensated \$150,000 plus interest and attorney fees on the principal protected note; there was no compensation for the \$75,000 note.

UBS said it "is disappointed the arbitration panel in this case awarded the claimant any damages, even if it was only half the compensatory losses she was seeking. UBS maintains that any client losses were the direct result of the unexpected and unprecedented failure of Lehman Brothers, which affected all Lehman bondholders."

Steven Caruso, attorney with Maddox, Hargett & Caruso, said that there are hundreds or thousands more arbitration cases that are expected to be filed in connection with Lehman principal protected notes. Mr. Caruso said his firm alone will represent roughly 100.