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**UBS TO PAY \$1 MILLION UNDER CONSENT ORDER  
WITH NH SECURITIES BUREAU  
BASED ON SALE OF LEHMAN INVESTMENTS**

**Concord, NH (August 23, 2011)** – The New Hampshire Bureau of Securities Regulation announced today that it has issued a Consent Order in a proceeding against UBS Financial Services, Inc. As part of the Order, UBS has agreed to pay \$1 million to the Bureau that will cover restitution to affected investors, as well as fines and costs. The Bureau had previously filed an administrative action charging UBS with violations of State securities laws relating to certain 2007 and 2008 sales of structured products. Structured products are complex derivative investments which link the return on investment to the performance of an index, a security, or basket of commodities or currencies.

Specifically, the Bureau focused on the sale of structured products issued by Lehman Brothers, which went bankrupt in September 2008. After the collapse of Lehman, the value of the structured products declined precipitously. A value for the products has not yet been determined by the bankruptcy trustee.

UBS sold Lehman structured products as part of a platform that allowed various companies to bid on the creation and issuance of the investments. In its initial enforcement action, the Bureau alleged that the sale by UBS of Lehman structured products to affected investors was unsuitable and that UBS failed to adequately supervise brokers who were selling the investments.

“Structured products are only backed by the credit-worthiness of the issuer,” said Kevin Moquin, staff attorney for the Bureau. “As the credit-worthiness of Lehman declined, we believe UBS had a responsibility to insure that New Hampshire investors understood the nature of that risk. In many cases, we found that the risks were not adequately communicated.”

Jeff Spill, Deputy Director of Enforcement for the Bureau, who oversaw the investigation and administrative action, noted that of the \$1 million payment agreed to by UBS, \$700,000 will be available for restitution to investors.

“I believe this Consent Order sends a strong message to investors and Wall Street alike,” Spill added. “When selling complex investments like structured products, brokerage firms must insure that the product being sold is suitable for the customers given the level of risk involved and that risk must be adequately communicated to the customers.”

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