

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

----- X  
:  
:  
THE GOVERNMENT DEVELOPMENT BANK : PROMESA  
FOR PUERTO RICO, : Title VI  
:  
: Case No. 18-1561 (LTS)  
:  
Applicant. :  
----- X

**OMNIBUS RESPONSE OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
TO GDB/AAFAF'S AND OVERSIGHT BOARD'S STANDING OBJECTIONS**

**TABLE OF CONTENTS**

	<b>Page</b>
PRELIMINARY STATEMENT .....	1
BACKGROUND .....	2
A.    GDB and Its Creditors .....	2
B.    The GDB Restructuring.....	5
C.    The Binding Effect of the GDB Restructuring and Its Release of Claims .....	7
D.    Conflicts of Interest and the Roles of Former GDB Officers and Others in the GDB Restructuring .....	9
E.    GDB’s Title VI Application and the Committee’s Intent to Object.....	12
ARGUMENT .....	14
A.    Committee Has Direct Standing to Object to GDB’s Title VI Application Because Title III Debtors’ Unsecured Creditors Will Be Directly and Adversely Affected if Qualifying Modification is Approved .....	14
B.    Committee Can Act Outside Title III Cases to Represent Interests of Title III Debtors’ Unsecured Creditors .....	20
CONCLUSION .....	22

**TABLE OF AUTHORITIES**

	<b>Page(s)</b>
<b>Cases</b>	
<i>Allen v. Wright</i> , 468 U.S. 737 (1984) .....	18
<i>Bank of New York Mellon v. Puerto Rico Sales Tax Fin. Corp. (In re Fin. Oversight and Mgmt. Board for Puerto Rico)</i> , 301 F. Supp. 3d 306 (D.P.R. 2017) .....	19
<i>Crusius v. Ill. Gaming Bd.</i> , 837 N.E.2d 88 (Ill. 2005).....	21
<i>In re Dow Corning Corp.</i> , 199 B.R. 896 (Bankr. E.D. Mich. 1996).....	20
<i>EBC I, Inc. v. Goldman, Sachs &amp; Co.</i> , 832 N.E.2d 26 (N.Y. 2005) .....	21
<i>Elk Grove Unified School Dist. v. Newdow</i> , 542 U.S. 1 (2004) .....	18
<i>Hollingsworth v. Perry</i> , 570 U.S. 693 (2013) .....	14
<i>In re Johns-Manville Corp.</i> , 52 B.R. 879 (Bankr. S.D.N.Y. 1985), <i>aff'd</i> , 60 B.R. 892 (S.D.N.Y. 1986), <i>rev'd on other grounds</i> , 801 F.2d 60 (2d Cir. 1986).....	20
<i>Lujan v. Defenders of Wildlife</i> , 504 U.S. 555 (1992) .....	15
<i>Official Comm. of Tort Claimants v. Dow Corning Corp. (In re Dow Corning Corp.)</i> , 142 F.3d 433 (6th Cir. 1998).....	20
<i>Official Committee of Unsecured Creditors of Integrated Health Servs. Inc. v. Elkins</i> , 2004 WL 1949290 (Del. Ch. 2004).....	21
<i>Official Committee of Unsecured Creditors of Wickes Inc. v. Wilson</i> , 2006 WL 1457786 (N.D. Ill. 2006) .....	21
<i>P.R. v. Franklin Cal. Tax-Free Tr.</i> , 136 S. Ct. 1938 (2016) .....	11

	<b>Page(s)</b>
<i>Rajamin v. Deutsche Bank Nat. Tr. Co.</i> , 757 F.3d 79 (2d Cir. 2014) .....	18
<i>Susan B. Anthony List v. Driehaus</i> , 134 S.Ct. 2334 (2014) .....	15
<i>In Re: The Archdiocese of Saint Paul and Minneapolis</i> , 553 B.R. 693 (Bankr. Ct. D. Minn 2016) .....	19
<i>U.S. v. Windsor</i> , 570 U.S. 744 (2013) .....	18
<i>Warth v. Seldin</i> , 422 U.S. 490 (1975) .....	18
 <b>Statutes</b>	
11 U.S.C. § 926(a).....	18
48 U.S.C. § 2104(11) .....	16
 <b>Bankruptcy Code</b>	
§ 362 .....	13
§ 926 .....	18
§ 1103 .....	20
§ 1103(c)(5).....	20
 <b>PROMESA</b> .....	
§ 4 .....	13
§ 5(18) .....	8, 15
§ 101(d)(1)(A) .....	11
§ 301(a).....	13, 18
§ 303(1) .....	12
§ 601(a)(8).....	8, 15
§ 601(a)(15).....	8, 15
§ 601(m) .....	7
§ 601(m)(2).....	8, 13, 15, 16, 17

	<b>Page(s)</b>
Government Development Bank for Puerto Rico Debt Restructuring Act (“GDB Restructuring Act”).....	<i>passim</i>
Article 103(j) .....	7
Article 103(o) .....	7
Article 103(pp) .....	7
Article 702 .....	7, 8, 9
Article 703 .....	9

**Constitutions**

P. R. Const. ....	<i>passim</i>
Due Process Clause .....	12
U.S. Const. ....	<i>passim</i>
Bankruptcy Clause.....	1, 12
Contracts Clause .....	12
amend. V .....	12
amend. XIV .....	12

To the Honorable United States District Court Judge Laura Taylor Swain:

The Official Committee of Unsecured Creditors of all Title III Debtors (other than COFINA) (the “Committee”) hereby files this omnibus response (the “Response”) to the objection of the Government Development Bank for Puerto Rico (“GDB”) and the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), dated September 1, 2018 [Docket No. 112], and the objection of the Oversight and Management Board for Puerto Rico (the “Oversight Board”), dated September 1, 2018 [Docket No. 111] to the Committee’s standing to object to approval of the “Qualifying Modification” for which GDB has sought approval in its application (the “Title VI Application” or the “Application”) in this Title VI case. In support of this Response, the Committee respectfully states as follows.

#### **PRELIMINARY STATEMENT**

1. In their objections, GDB/AAFAF and the Oversight Board take the position that the Committee has no direct standing to represent the interests of the Title III Debtors’ unsecured creditors in GDB’s Title VI case. The fundamental premise of their position is that the Committee’s constituents will not be directly affected by the purported Qualifying Modification. In fact, the Title III Debtors’ unsecured creditors will be directly and adversely affected if the purported Qualifying Modification is approved, not least because Title VI and GDB’s proposed approval order expressly provide that it will be binding on them just as on the Commonwealth and its other instrumentalities, including the Title III Debtors. If its constituents will be bound, the Committee has a right to be heard on the Qualifying Modification, which, among other things, is an integral part of an illegal attempt to liquidate GDB outside of PROMESA through what is effectively a Commonwealth bankruptcy statute (and therefore preempted by federal law). Furthermore, the prudential standing rule that a litigant generally cannot assert the rights of third parties has no application to a creditors’ committee, the very nature of which is to act in

a representative capacity. Finally, GDB/AAFAF and the Oversight Board are wrong that a statutory committee can have “no existence” outside the case in which it was appointed. Creditors’ committees can and do act outside of the bankruptcy court to protect the interests of their constituents. Given the conflicts of interest pervading the GDB Restructuring and the unprecedented nature of the current circumstances, the need for the Committee to appear in GDB’s Title VI case, even though it was appointed in the Title III cases, could hardly be more compelling.<sup>1</sup>

## **BACKGROUND**

### **A. GDB and Its Creditors**

2. Historically, GDB served as a depository of funds for Puerto Rico government entities and as the Puerto Rico government’s fiscal agent, paying agent, and financial advisory authority.<sup>2</sup> GDB also served as a “financial advisor”<sup>3</sup> in all government debt offerings, controlling (from the government’s perspective) practically every aspect of those offerings, including the selection of underwriters and counsel. According to a report of the U.S. Government Accountability Office (the “GAO”), GDB was responsible for “facilitating rising debt levels [that] enabled Puerto Rico to continue to use debt to finance operations.”<sup>4</sup>

---

<sup>1</sup> Much of GDB/AAFAF’s and the Oversight Board’s objections anticipated the Committee’s motion for derivative standing, which was subsequently filed in the Title III cases on September 6, 2018. See *Official Committee of Unsecured Creditors’ Motion For Order Granting Derivative Standing To Act On Behalf Of Title III Debtors For Certain Limited Purposes And Other Related Relief With Respect To Restructuring Of Government Development Bank For Puerto Rico* [Docket No. 3881 in 17-bk-03282-LTS] (the “Committee’s Derivative Standing Motion”). To avoid duplication, the Committee will address the portions of the objections dealing with derivative standing in its briefing in support of its derivative standing motion.

<sup>2</sup> See *Application of the Government Bank for Puerto Rico and the Puerto Rico Fiscal Agency and Financial Advisory Authority, Pursuant to Section 601(m)(1)(D) of the Puerto Rico Oversight, Management, and Economic Stability Act, for Approval of the Qualifying Modification for GDB* [Docket No. 1] ¶ 8 (the “Application”).

<sup>3</sup> *Id.*

<sup>4</sup> U.S. Gov’t Accountability Office, GAO-18-387, Puerto Rico: Factors Contributing to the Debt Crisis and Potential Federal Actions to Address Them, 33-34 (May 2018), available at <https://www.gao.gov/assets/700/691675.pdf> (“GAO Report”).

3. Over time, GDB also became an issuer of debt and a provider of inter-government financing for the Commonwealth and its public corporations, instrumentalities, and municipalities.<sup>5</sup> According to the same GAO Report, the “GDB provided loans to government entities valued at up to 60 percent of GDB’s total assets.”<sup>6</sup>

4. On April 6, 2016, GDB’s fiscal agent and financial advisor responsibilities were transferred to AAFAF, which was created pursuant to the *Puerto Rico Emergency Moratorium and Financial Rehabilitation Act*, Act No. 21-2016.<sup>7</sup> Also in 2016, GDB stopped accepting deposits and otherwise ceased performing banking functions (if any).<sup>8</sup> Until GDB wound down its operations, the Title III Debtors were, upon information and belief, required to deposit all of their funds with GDB.

5. The creditors of GDB include (i) the holders of GDB bonds, all of which are unsecured and more than \$100 million of which were guaranteed by the Commonwealth (the “GDB Bondholders”),<sup>9</sup> (ii) the municipalities that deposited funds with GDB (the “Municipal Depositors”), (iii) certain private entities that deposited funds with GDB (the “Private Entity Depositors”), and (iv) the Title III Debtors and other non-municipal government entities (the “Non-Municipal Government Entities”) that deposited public funds with GDB.

---

<sup>5</sup> Application ¶ 9.

<sup>6</sup> GAO Report, at 36-37.

<sup>7</sup> Application ¶¶ 10-11.

<sup>8</sup> *Id.* ¶¶ 11-12.

<sup>9</sup> *Declaration of Suzanne S. Uhland, Esq. In Support Of The Application Of The Government Development Bank For Puerto Rico And The Puerto Rico Fiscal Agency And Financial Advisory Authority, Pursuant To Section 601(M)(1)(D) Of The Puerto Rico Oversight, Management, And Economic Stability Act, For Approval Of The Qualifying Modification For GDB* [Docket No. 1-19] (“Uhland Decl.”) Ex. O [Docket No. 1-15] (“GDB Solicitation Statement”), at 30.

6. GDB filed a proof of claim against the Commonwealth,<sup>10</sup> and the Title III Debtors, in turn, hold various claims against GDB. Although the Committee is still investigating GDB's activities related to the Title III Debtors, the Title III Debtors hold claims for amounts on deposit, and may also hold claims against GDB for the recovery of avoidable transfers, among others. The Committee has attempted for over a year to obtain discovery in order to investigate the Title III Debtors' claims against GDB, but numerous requested documents have not been provided. For example, counsel for GDB has strenuously resisted providing copies of GDB board materials, arguing in July that such a production would be "plainly overbroad and unduly burdensome."<sup>11</sup> Even though GDB relented on this point—acknowledging at the July 25, 2018 Omnibus Hearing that it would "redesignate" such materials and make subsequent productions—no such productions have been made to date.<sup>12</sup> A meaningful investigation of claims cannot even begin without full and unfettered access to Board minutes.

7. According to GDB's New Fiscal Plan, which was certified on April 20, 2018, as of December 31, 2017, GDB received deposits of approximately \$3.5 billion and owed unsecured bond debt, including accrued interest, of over \$4 billion.<sup>13</sup> According to GDB's Solicitation Statement, as of July 1, 2018, GDB held approximately \$624.8 million in cash and cash equivalents.<sup>14</sup>

---

<sup>10</sup> Application ¶ 38.

<sup>11</sup> See *Objection by AAFAF, Acting as Representative of GDB, To The UCC's Informative Motion Regarding Renewed Rule 2004 Motion And Discovery Items To Be Addressed At July 25, 2018 Omnibus Hearing* [Docket No. 3466 in 17-bk-03283-LTS] ¶ 10.

<sup>12</sup> See July 25, 2018 Tr., at 62:9-21. Production has not occurred despite the Court's admonition that "the Board minute issue needs to be addressed and produced before [August 15]." See *id.* at 78:25 to 79:1. While counsel for GDB has recently represented that Board materials would be forthcoming in a matter of weeks, the Court originally directed GDB to produce these materials before the publication of the Investigator's report—which was then anticipated on August 15, 2018.

<sup>13</sup> Government Development Bank for Puerto Rico, New Fiscal Plan, as Certified by the Financial Oversight and Management Board for Puerto Rico, 12, 38 (April 20, 2018), *available at*, <https://oversightboard.pr.gov/>.

<sup>14</sup> Uhland Decl., Ex. O [Docket No. 1-15] GDB Solicitation Statement, at 29.

**B. The GDB Restructuring**

8. To effectuate the GDB wind-down, AAFAF (which now employs many of the former officers and other employees of GDB) proposed a scheme pursuant to the terms of the Restructuring Support Agreement between AAFAF, GDB, and certain GDB creditors (the “RSA”), as well as a legislative framework for that RSA that became the GDB Restructuring Act.<sup>15</sup> To implement the RSA and the GDB Restructuring, GDB filed its Title VI Application on August 10, 2018.<sup>16</sup>

9. The GDB Restructuring will be implemented in two parts:

10. First, the GDB Bondholders, the Municipal Depositors, and Private Entity Depositors will be allowed to participate in and vote on a Title VI “Qualifying Modification.”<sup>17</sup> Upon consummation of the Title VI case, these favored, but thus far unsecured, creditor groups will exchange their old claims for new notes with a face of value of 55%, secured by all the assets of a new governmental entity called the GDB Debt Recovery Authority (the “Recovery Authority”).<sup>18</sup> The Recovery Authority will receive substantially all the liquid assets held by GDB, including GDB’s municipal loan portfolio, a portion of its public entity loan portfolio, its real estate owned assets, and its unencumbered cash.<sup>19</sup>

11. Second, the Commonwealth and its other instrumentalities, including the other Title III Debtors (referred to in the Title VI Application as “Non-Municipal Government Entities”), will not be able to participate in the Title VI case and will not be able to receive notes

---

<sup>15</sup> Application ¶¶ 19-20.

<sup>16</sup> See Application.

<sup>17</sup> Application ¶¶ 44-45; see also, Uhland Decl., Ex. O [Docket No. 1-15] GDB Solicitation Statement, at 1-3.

<sup>18</sup> Application ¶ 28.

<sup>19</sup> *Id.* ¶ 29.

backed by the assets of the Recovery Authority.<sup>20</sup> The disfavored Non-Municipal Government Entities (which hold claims of the same priority as the claims of the GDB Bondholders) will have any deposits held by GDB set off against purported loan balances owed to GDB, and those holding net claims against GDB will receive, pursuant to the GDB Restructuring Act, a pro rata share of interest in the “Public Entity Trust” that holds a single asset—GDB’s alleged claim against the Commonwealth.<sup>21</sup> This unliquidated interest in the Public Entity Trust (it may be worthless because neither the Commonwealth nor GDB’s fiscal plan makes provision for payment of such yet-to-be-allowed claim) will be deemed to be in full satisfaction of any and all claims the Title III Debtors may have against GDB.<sup>22</sup> In other words, the Title III Debtors’ deposit claims against GDB are being subordinated to the claims of the GDB Bondholders and other favored unsecured creditors.

12. In addition, under the GDB Restructuring, the Commonwealth will be assuming approximately \$312 million in liabilities on account of federal funds granted to the Commonwealth and municipalities pursuant to federal programs and deposited at GDB.<sup>23</sup> The Title III Debtors’ and other Non-Municipal Government Entity deposit claims with respect to federal funds will also be eliminated in exchange for the potentially worthless interest in the Public Entity Trust, leaving all federal funds to be paid from future appropriations by the Commonwealth, thereby depleting the resources that would otherwise be available to pay creditors. Consequently, any cash remaining at GDB from federal funds deposits will be part of the assets allocated to the Recovery Authority or retained by GDB. It will not, however, be

---

<sup>20</sup> *Id.* ¶¶ 35-36.

<sup>21</sup> *Id.* ¶ 36.

<sup>22</sup> *Id.*

<sup>23</sup> Uhland Decl., Ex. O [Docket No. 1-15] GDB Solicitation Statement, at 30.

distributed to the intended beneficiary. Thus the favored GDB creditors are allowed to transfer their claims to the Recovery Authority and will not suffer any dilution as a result of the “disappearance” of the federal funds.

13. As a legal and practical matter, the purported Qualifying Modification and the GDB Restructuring Act cannot be separated because the transactions relating to the purported Qualifying Modification (*e.g.*, the creation of the Recovery Authority, the irrevocable transfer to that entity of GDB’s cash, performing loans, and real estate, and the creation of statutory liens on those assets) are also being effectuated solely pursuant to the GDB Restructuring Act.

14. In addition, the provisions of the GDB Restructuring Act relating to the Public Entity Trust become effective on the “Closing Date,”<sup>24</sup> which the Act defines as the effective date of the “Restructuring Transaction,”<sup>25</sup> which, in turn, is defined as “the transactions contemplated by, or in furtherance of, the Qualifying Modification,” including the transactions relating to the Recovery Authority and its issuance of bonds.<sup>26</sup> The “Effective Date” of those transactions is defined as “the date on which the Qualifying Modification becomes conclusive and binding pursuant to section 601(m) of PROMESA,”<sup>27</sup> *i.e.*, the date on which the purported Qualifying Modification is approved.

**C. The Binding Effect of the GDB Restructuring and Its Release of Claims**

15. Once approved by the Court, the “Qualifying Modification will be full, final, complete, binding, and conclusive as to the territorial government Issuer, other territorial instrumentalities of the territorial government Issuer, and any creditors of such entities, and should not be subject to any collateral attack or other challenge by any entities in any Court or

---

<sup>24</sup> Uhland Decl., Ex. K [Docket No. 1-11] (the “GDB Restructuring Act”) at Art. 702.

<sup>25</sup> *Id.* at Art. 103(j).

<sup>26</sup> *Id.* at Art. 103(pp).

<sup>27</sup> *Id.* at Art. 103(o).

other forum.”<sup>28</sup> In other words, it will bind the Title III Debtors and their creditors.<sup>29</sup> Moreover, the GDB Restructuring Act purports to (i) release all the Title III Debtors’ claims against GDB, its current or former officers, directors, employees, agents, or representatives (collectively, the “GDB Releasees”), the Recovery Authority and the Public Entity Trust, (ii) eliminate the standing of the Title III Debtors to challenge the GDB Restructuring or the GDB Restructuring Act, and (ii) exculpate any person for actions in accordance with the GDB Restructuring Act or the Qualifying Modification.

16. Article 702 of the GDB Restructuring Act—entitled “Binding Effect of Restructuring Transaction on Government Entities”—provides that:

[a]ll transactions effected pursuant to this Act (including, without limitation, pursuant to determinations made by AAFAF or GDB under this Act) **shall be valid and binding with respect to all Government Entities as of the Closing Date.** Other than as expressly provided in this Act, in the Ancillary Agreements and the Public Entity Deed of Trust, **no Government Entity shall have any further rights or claims against GDB,** the Recovery Authority and the Public Entity Trust, **and any officers, directors, employees, agents and other representatives thereof, of whatsoever nature and kind, whether now existing or hereinafter arising, based, in whole or in part, on facts, whether known or unknown, existing or occurring on or prior to the Closing Date.** Each Government Entity is hereby deemed to **forever waive, release and discharge GDB,** the Recovery Authority and the Public Entity Trust, **and any officers, directors, employees, agents and other representatives thereof** from any and all such claims.<sup>30</sup>

<sup>28</sup> PROMESA § 601(m)(2).

<sup>29</sup> The term “territorial government” in section 601(m)(2) is defined in PROMESA as the “government of a covered territory.” PROMESA § 5(18). Title VI of PROMESA defines “issuer” as, among other things, a “Territory Government Issuer” (PROMESA § 601(a)(8)), which, in turn, means the “Government of Puerto Rico.” PROMESA § 601(a)(15). Moreover, approximately \$110 million of aggregate principal amount and approximately \$19 million in accrued and unpaid interest with respect to the GBCP benefits from a guarantee from the Commonwealth of Puerto Rico. Thus, section 601(m)(2) means that any Title VI approval order entered by this Court will have preclusive and binding effect on the unsecured creditors of Puerto Rico.

<sup>30</sup> Uhland Decl., Ex. K [Docket No. 1-11] GDB Restructuring Act, at Art. 702 (emphasis added).

17. Like the transactions relating to the Public Entity Trust, Article 702's release of rights and claims becomes effective on the "Closing Date," which, as set forth above, is the date on which the purported Qualifying Modification is approved by the Court.

18. Accordingly, if this Court approves the purported Qualifying Modification, any rights or claims of the Title III Debtors against GDB or the GDB Releasees relating to GDB's role in Puerto Rico's financial crisis, including its role as financial advisor to the Title III Debtors, will be automatically extinguished.

19. Furthermore, Article 703 of the GDB Restructuring Act provides that, "[n]otwithstanding any other law of the Government of Puerto Rico, no Government Entity shall have authority or standing to challenge [the] Act, the Restructuring Transaction, or the other transactions contemplated in this Act in any local or federal court."<sup>31</sup>

20. Thus, the GDB Restructuring eliminates the Title III Debtors' claims against GDB, eliminates the Title III Debtors' claims against the GDB Releasees, and practically eliminates any recovery on account of the Title III Debtors' claims by transferring all of the valuable assets at GDB to the Recovery Authority, an entity which was created to shield GDB's assets from claims of, and distributions to, the Title III Debtors.

**D. Conflicts of Interest and the Roles of Former GDB Officers and Others in the GDB Restructuring**

21. The GDB Restructuring is pervaded by conflicts of interest.

22. As far as the Committee is aware, the GDB Restructuring was orchestrated entirely by GDB and AAFAF, which took over GDB's fiscal agent and financial advisor functions and inherited all but six employees when GDB was operationally wound down in early

---

<sup>31</sup> *Id.* at Art. 703.

2017.<sup>32</sup> Indeed, the Oversight Board recognized that the GDB Restructuring Act reflected “laudable cooperation . . . between the Legislature (and all branches of the Government) and the Oversight Board.”<sup>33</sup>

23. GDB and AAFAF share the same officers, several of whom were GDB officers prior to the creation of AAFAF in 2016. GDB and AAFAF also share the same counsel and the same financial and restructuring advisor.

24. Among the financial advisor personnel advising GDB and AAFAF are (i) a senior managing director who was president of GDB from 2011 to 2012 and Senior Vice President and Director of Investment Banking at Santander Securities Corporation, which advised GDB on numerous government debt offerings, and (ii) a senior managing director who was Executive Vice President-Financing and Treasury of GDB from 2009 to 2011 and then CEO and vice chairman of Santander Securities LLC. The financial advisor engagement team also includes a managing director who served as a senior vice president and special advisor to the president of GDB from 2013 to 2016. All would get a release for their prior GDB roles pursuant to the GDB Restructuring.

25. Furthermore, at the time the GDB Restructuring was being orchestrated, the executive director of AAFAF was a former vice president of investment banking at Santander Securities LLC, which acted as an underwriter in numerous Puerto Rico debt offerings, all of which were controlled by GDB.

---

<sup>32</sup> See Uhland Decl., Ex. O [Docket No. 1-15] GDB Solicitation Statement, at 27-36.

<sup>33</sup> *Objection of the Government Development Bank for Puerto Rico and the Puerto Rico Fiscal Agency and Financial Advisory Authority to the Urgent Motion of Official Committee of Unsecured Creditors, Pursuant to Bankruptcy Code Sections 105(a) and 362, for Entry of Order Enforcing Automatic Stay and Court’s June 29, 2017 Order Confirming Application of Automatic Stay with Respect to GDB Restructuring* [17-03283-LTS, Docket No. 3826], at 15 (the “GDB/AAFAF’s Objection to Committee’s Stay Motion”).

26. The Oversight Board, which certified the RSA as a “Qualifying Modification,” is also conflicted, as is its counsel. The Oversight Board is conflicted because two of its members are former GDB presidents (who both would get a release pursuant to the GDB Restructuring) and because the Oversight Board is the statutory representative of the Title III Debtors and oversees the GDB (which was designated as a covered territorial instrumentality in accordance with section 101(d)(1)(A) of PROMESA). And counsel to the Oversight Board was engaged by GDB starting in January 2014 “to provide specialized legal services with respect to the evaluation of potential liability management transactions as may be requested by the [GDB].”<sup>34</sup> These “liability management transactions” (*i.e.*, restructuring and/or bankruptcy services) included drafting the Puerto Rico Corporation Debt Enforcement and Recovery Act<sup>35</sup>—the Commonwealth bankruptcy statute that was ultimately struck down by the U.S. Supreme Court.<sup>36</sup> Such engagement, which was signed **prior** to the Commonwealth’s \$3.5 billion general obligation bond offering in 2014, was never disclosed to the general market.<sup>37</sup>

27. Even the GDB Bondholders that are signatories to the RSA are tainted by conflict. The executive director of Bonistas del Patio (the bondholder advocacy group that represented bondholders in the restructuring negotiations) was president of GDB from 2007 to 2008 and therefore would be getting a release pursuant to the GDB Restructuring. He was also an executive director at Morgan Stanley, which played an instrumental role in several Puerto Rico

<sup>34</sup> See, e.g., Agreement For Professional Services Between The Government Development Bank For Puerto Rico And Proskauer Rose LLP, dated February 3, 2014 (2014-BGF090), at p. 2 (emphasis added).

<sup>35</sup> See *The Independent Investigator’s Final Investigative Report*, 538 (August 20, 2018) (“Final Report”) (“On June 28, 2014, the Recovery Act was enacted, establishing a restructuring regime for certain Issuers, including the public corporations. Witnesses told us that Cleary and Proskauer helped draft this legislation.”). See *Creditors’ Committee’s Informative Motion Regarding Kobre & Kim Final Report*, [Docket No. 3866 in 17-03283-LTS] (regarding same).

<sup>36</sup> See *P.R. v. Franklin Cal. Tax-Free Tr.*, 136 S. Ct. 1938 (2016).

<sup>37</sup> See \$3,500,000,000 Commonwealth of Puerto Rico General Obligation Bonds of 2014, Series A, dated March 11, 2014, *available at*, [http://www.gdbpr.com/investors\\_resources/documents/CommonwealthPRGO2014SeriesA-FinalOS.PDF](http://www.gdbpr.com/investors_resources/documents/CommonwealthPRGO2014SeriesA-FinalOS.PDF); Final Report, at 535-39.

bond offerings with which he was directly involved. Moreover, the board of directors of the Corporacion Publica para Supervision y Seguro de Cooperativas (“COSSEC”), which regulates and supervises the Cooperatives, authorized and encouraged them to buy GDB bonds in 2009 and then authorized them to buy more in 2012. COSSEC’s board of directors includes representatives of GDB and previously included two of the former GDB officers who have been advising GDB and AAFAF as financial and restructuring advisors.

28. If the purported Qualifying Modification is approved, **the very people who orchestrated the GDB Restructuring will have succeeded in releasing themselves, GDB, and others of any liability to the Title III Debtors relating to GDB’s role in Puerto Rico’s financial crisis, including any liability based on “unknown” facts.**

**E. GDB’s Title VI Application and the Committee’s Intent to Object**

29. On August 8, 2018, GDB, through its counsel, filed its Title VI Application seeking approval of the purported Qualifying Modification.<sup>38</sup>

30. On August 22, 2018, the Committee filed its *Notice of Intention to Object Regarding Purported Qualifying Modification for Government Development Bank* (the “Objection Notice”).<sup>39</sup>

31. As set forth in the Objection Notice, the Committee intends to object to the Application because, among other reasons: (i) the GDB Restructuring constitutes an “unlawful application” of Title VI of PROMESA; (ii) the asset allocation scheme embodied in the GDB Restructuring, which uses all of GDB’s valuable assets to satisfy the claims of some unsecured creditors at the expense of others, violates the Fifth and Fourteenth Amendments to the U.S. Constitution, the Bankruptcy Clause of the U.S. Constitution, and the Due Process Clause of the

---

<sup>38</sup> See Application.

<sup>39</sup> See [Docket No. 59].

Puerto Rico Constitution; (iii) the GDB Restructuring violates section 303(1) of PROMESA and the Contracts Clause of the U.S. Constitution because it is premised on a method of composition of indebtedness or moratorium law (the GDB Restructuring Act) that purports to bind non-consenting creditors. The Committee also indicated that it intended to object in the Title III cases to the GDB Restructuring insofar as it seeks to modify any rights that the Title III Debtors or their unsecured creditors may have against GDB or the GDB Releasees.

32. The Objection Notice expressly reserved the Committee's right to identify additional grounds for objection and to "challenge the GDB Restructuring by other means, including, but not limited to, through the commencement of an adversary proceeding and motions filed in the title III cases of the Title III debtors."<sup>40</sup>

33. One such additional ground for objection is that, by operation of the supremacy clause in section 4 of PROMESA, the release of claims in the GDB Restructuring Act is invalid because it is inconsistent with several PROMESA provisions. Among other things, it is inconsistent with the express limitation on third-party releases in section 601(m)(2) of PROMESA, which provides that "no claim or right that may be asserted by any party in a capacity other than holder of a Bond affected by the Qualifying Modification shall be satisfied, released, discharged, or enjoined by this provision."<sup>41</sup> It is also inconsistent with the Bankruptcy Code's automatic stay under section 362, which is incorporated into Title III of PROMESA and which is currently in effect as to the Title III Debtors because the GDB Restructuring Act constitutes an attempt to exercise control over rights of the Title III Debtors.<sup>42</sup>

---

<sup>40</sup> *Id.* at 4.

<sup>41</sup> PROMESA § 601(m)(2).

<sup>42</sup> *See* PROMESA § 301(a).

34. The Committee also objected to GDB/AAFAF's *Motion For An Order Approving Procedures And Setting A Schedule For Approval Of The Qualifying Modification For The Government Development Bank For Puerto Rico For the Government Development Bank For Puerto Rico*.<sup>43</sup> In that objection, dated August 24, 2018, the Committee indicated that "**out of an abundance of caution, the Committee will also seek entry in the Title III cases of an order granting it standing to appear in the Title VI case for limited purposes, in the event that the Court holds that, absent such specific authorization from the Court, the Committee does not have standing to appear in the Title VI case.**"<sup>44</sup> The Committee filed a motion seeking such an order on September 6, 2018.<sup>45</sup>

35. On September 1, 2018, GDB/AAFAF and the Oversight Board filed objections to the Committee's standing to object to the GDB's Title VI Application.<sup>46</sup>

### **ARGUMENT**

#### **A. Committee Has Direct Standing to Object to GDB's Title VI Application Because Title III Debtors' Unsecured Creditors Will Be Directly and Adversely Affected if Qualifying Modification is Approved**

36. Article III of the U.S. Constitution confines the judicial power of federal courts to deciding actual "Cases" or "Controversies."<sup>47</sup> Consequently, "any person invoking the power of

---

<sup>43</sup> See *Motion For An Order Approving Procedures And Setting A Schedule For Approval Of The Qualifying Modification For The Government Development Bank For Puerto Rico* [Docket No. 4].

<sup>44</sup> *Official Committee of Unsecured Creditors' Objection To Motion For An Order Approving Procedures And Setting Schedule For Approval Of Qualifying Modification For Government Development Bank For Puerto Rico* [Docket No. 69] ¶ 1 (emphasis added).

<sup>45</sup> See Committee's Derivative Standing Motion [Docket No. 3881 in 17-bk-03283-LTS].

<sup>46</sup> See *Objection Of Financial Oversight And Management Board For Puerto Rico As The Administrative Supervisor Of The Government Development Board For Puerto Rico To The Official Committee Of Unsecured Creditors' Notice of Intention To Object To Qualifying Modification For Government Development Bank* [Docket No. 111] (the "**Oversight Board Objection**"); *GDB And AAFAF's Objection To The Official Committee Of Unsecured Creditors' Standing To Object To The Approval Application* [Docket No. 112] (the "**GDB/AAFAF Objection**").

<sup>47</sup> *Hollingsworth v. Perry*, 570 U.S. 693, 704 (2013).

a federal court must demonstrate standing to do so.”<sup>48</sup> To demonstrate Article III standing, a party must have suffered or be under imminent threat of suffering a concrete and particularized “injury in fact” that is fairly traceable to the challenged action and that will likely be redressed by a favorable decision.<sup>49</sup>

37. The Committee’s constituents—the unsecured creditors of the Title III Debtors (other than COFINA)—stand to be directly and adversely affected by the GDB Restructuring and thereby suffer an injury in fact, which is certainly a sufficient threshold for standing under Article III. Most obviously, the Title III Debtors’ unsecured creditors will be directly and adversely affected because they will be directly bound if the Qualifying Modification is approved. Pursuant to section 601(m)(2) of PROMESA, an approved Qualifying Modification “will be full, final, complete, binding, and conclusive as to the territorial government Issuer, other territorial instrumentalities of the territorial government Issuer, and **any creditors of such entities**, and should not be subject to any collateral attack or other challenge by any such entities in any court or other forum.”<sup>50</sup>

38. The term “territorial government Issuer” in section 601(m)(2) is a made up of two defined terms. The term “territorial government” (lower case) is defined in PROMESA generally to mean the “government of a covered territory,”<sup>51</sup> and the term “Issuer” is defined in Title VI to mean “as applicable, the Territory Government Issuer or an Authorized Territorial Instrumentality that has issued or guaranteed at least one Bond that is Outstanding.”<sup>52</sup> The term

---

<sup>48</sup> *Id.*

<sup>49</sup> *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560 (1992) (internal quotation marks omitted); *see also Susan B. Anthony List v. Driehaus*, 134 S.Ct. 2334, 2341 (2014) (a threat of future injury is sufficient to confer standing if the injury is “certainly impending” or there is a “substantial risk that the harm will occur”).

<sup>50</sup> PROMESA § 601(m)(2) (emphasis added).

<sup>51</sup> PROMESA § 5(18).

<sup>52</sup> PROMESA § 601(a)(8).

“Territory Government Issuer” is defined in Title VI, in turn, to mean the “Government of Puerto Rico,”<sup>53</sup> which is defined in PROMESA generally to mean “the Commonwealth of Puerto Rico, including all its territorial instrumentalities.”<sup>54</sup> The Commonwealth has “guaranteed at least one Bond that is Outstanding.” In fact, approximately \$110 million in aggregate principal amount of GDB bonds, all of which are subject to the purported Qualifying Modification, and approximately \$19 million in accrued and unpaid interest on such bonds, have been guaranteed by the Commonwealth.<sup>55</sup> Thus, the term “territorial government Issuer” in section 601(m)(2) includes, not just GDB, but the Commonwealth and the “other territorial instrumentalities” of the Commonwealth, including the other Title III Debtors. This means that “any creditors of such entities,” which are also expressly bound by any approved Qualified Modification, includes the Title III Debtors’ unsecured creditors, whose interests the Committee is duty-bound to represent.

39. This is not just the Committee’s reading of the statute. Contrary to the Oversight Board’s assertion that the Committee’s reading is wrong and that “PROMESA binds [only] the creditors of the ‘Issuer’ (*i.e.* GDB), and not the creditors of the territorial government (*i.e.* the Commonwealth),”<sup>56</sup> binding the unsecured creditors of the Commonwealth and its other instrumentalities is exactly what was intended by GDB/AAFAF and the Oversight Board (through its certification of the RSA as a “Qualifying Modification” under Title VI). The RSA states that the “Certification Order” approving the purported Qualifying Modification “shall provide, among other things, that: . . . the Restructuring is **full, final, complete, binding, and conclusive** as to GDB, the Issuer, **the Government of Puerto Rico (as defined in PROMESA)**,”

---

<sup>53</sup> PROMESA § 601(a)(15).

<sup>54</sup> 48 U.S.C. § 2104(11).

<sup>55</sup> Uhland Decl., Ex. O [Docket No. 1-15] GDB Solicitation Statement, at 30.

<sup>56</sup> Oversight Board Objection ¶ 7.

**any other Territorial Instrumentality (as defined in PROMESA) of the Government of Puerto Rico and any creditors of such entities**, and is not be subject to any collateral attack or other challenge by any such entities in any court or other forum.”<sup>57</sup> In keeping with this provision of the RSA, the proposed approval order filed by GDB on September 10, 2018 states that “[t]he Qualifying Modification, including all settlements, compromises, releases, discharges, and injunctions, shall be **full, final, complete, binding, and conclusive as to the Commonwealth, all Commonwealth instrumentalities, and any creditors of such entities**, and shall not be subject to any collateral attack or other challenge by any such entities in any court or other forum.”<sup>58</sup> If the unsecured creditors of the Title III Debtors will be bound pursuant to section 601(m)(2), they indisputably have standing to be heard in the Title VI case.

40. GDB/AAFAF argues in its objection that the Title III Debtors’ unsecured creditors will not be affected by the Qualifying Modification because of the proviso in section 601(m)(2) that “no claim or right that may be asserted by any party in a capacity other than holder of a Bond affected by the Qualifying Modification shall be satisfied, released, discharged, or enjoined by this provision.”<sup>59</sup> This argument is disingenuous and exposes the fallacy at the root of the Application; namely, that the purported Qualifying Modification can be considered for approval apart from the GDB Restructuring as a whole, which includes third-party releases as part of the GDB Restructuring Act, the effectiveness of which is tied to the approval of the purported Qualifying Modification. In other words, GDB hides behind the proviso in section

---

<sup>57</sup> Uhland Decl. Ex. C [Docket No. 1-3] (the “Restructuring Support Agreement” or “RSA”) at 13 (emphasis added).

<sup>58</sup> *Notice of Filing Of Proposed Order Approving The Qualifying Modification For GDB* [Docket No. 125] Ex. A, at 11 (the “Proposed Approval Order”) (emphasis added).

<sup>59</sup> GDB/AAFAF Objection ¶ 24.

601(m)(2) while effectuating through the GDB Restructuring Act exactly the type of third-party releases that the proviso prohibits.

41. Moreover, section 926 of the Bankruptcy Code, which is incorporated and made applicable to the Title III cases by PROMESA section 301(a), provides that “[i]f the debtor refuses to pursue a cause of action under section 544, 545, 547, 548, 549(a), or 550 of this title [an “Avoidance Claim”], then on request of a creditor, the court may appoint a trustee to pursue such cause of action.”<sup>60</sup> The GDB Restructuring Act purports to disallow or otherwise extinguish any Avoidance Claims of the Title III Debtors against GDB and the GDB Releasees. Thus, if the purported Qualifying Modification is approved, the Title III Debtors’ Avoidance Claims will be automatically extinguished and the unsecured creditors’ right to seek appointment of a trustee to pursue such claims in the Title III cases will be rendered illusory.

42. GDB/AAFAF and the Oversight Board further argue that, even if the Committee has Article III standing in the Title VI case, it lacks “prudential standing” because it is seeking to assert the rights of third parties (i.e., the Title III Debtors’ unsecured creditors).<sup>61</sup> This argument has no merit. Unlike Article III standing, which “enforces the Constitution’s case-or-controversy requirement,” prudential standing embodies “judicially self-imposed limits on the exercise of federal jurisdiction.”<sup>62</sup> One such limit, and the only one invoked by GDB/AAFAF, is “the general prohibition on a litigant’s raising another person’s legal rights.”<sup>63</sup> This prohibition, however, is concerned with litigants “asserting the rights or legal interests of others **in order to**

---

<sup>60</sup> 11 U.S.C. § 926(a).

<sup>61</sup> GDB/AAFAF Objection ¶¶ 36-37; Oversight Board Objection ¶¶ 33-34.

<sup>62</sup> *U.S. v. Windsor*, 570 U.S. 744, 757 (2013) (quoting *Elk Grove Unified School Dist. v. Newdow*, 542 U.S. 1, 11-12 (2004)).

<sup>63</sup> *Elk Grove*, 542 U.S. at 12 (quoting *Allen v. Wright*, 468 U.S. 737, 750 (1984)).

**obtain relief from injury to themselves.**<sup>64</sup> Of course, the Committee is not seeking to represent the interests of individual unsecured creditors in order to obtain relief for itself. Rather, the Committee is a fiduciary that acts solely in a representative capacity. Asserting the rights of others is precisely the Committee’s purpose, and thus the general prohibition on a litigant asserting the rights of others is wholly inapplicable.<sup>65</sup> Indeed, creditors’ committees often represent the interests of unsecured creditors with respect to sections of the Bankruptcy Code that do not apply to the committee itself but purport to bind all unsecured creditors as a group. The quintessential example is a bar date motion. No one would ever challenge the standing of a creditors’ committee to be heard with respect to such a motion, despite the fact that committees do not file proofs of claim. This is exactly what the role of a creditors’ committee entails: protecting and preserving the rights of its constituents as a group.

43. As support for their argument that the Committee lacks prudential standing, GDB/AAFAF relies on this Court’s decision in *Bank of New York Mellon v. Puerto Rico Sales Tax Fin. Corp. (In re Fin. Oversight and Mgmt. Board for Puerto Rico)*.<sup>66</sup> Contrary to their characterization, that decision is not remotely “on point” and thus is hardly “instructive” in this context. In that case, this Court held that “[e]ven if the existence of a live controversy as between the [Ad Hoc Group of General Obligation Bondholders’] obligor and COFINA were sufficient to satisfy the basic requisites of Article III standing, prudential standing considerations preclude the litigation of the Commonwealth’s claims by the GO Group in the context of this

---

<sup>64</sup> *Rajamin v. Deutsche Bank Nat. Tr. Co.*, 757 F.3d 79, 86 (2d Cir. 2014) (quoting *Warth v. Seldin*, 422 U.S. 490, 509 (1975)) (emphasis added).

<sup>65</sup> *See In Re: The Archdiocese of Saint Paul and Minneapolis*, 553 B.R. 693, 699 (Bankr. Ct. D. Minn 2016) (holding that the creditors’ committee had prudential standing to seek substantive consolidation because it was “seek[ing] relief for its own interests, or more precisely, that of its constituency”).

<sup>66</sup> 301 F. Supp. 3d 306 (D.P.R. 2017).

adversary proceeding.”<sup>67</sup> Unlike the GO Group, which had no basis or authority on which to assert rights of the Commonwealth, the Committee is the statutory representative of the Title III Debtors’ unsecured creditors and has a fiduciary duty to protect their interests.

**B. Committee Can Act Outside Title III Cases to Represent Interests of Title III Debtors’ Unsecured Creditors**

44. GDB/AAFAF and the Oversight Board contend that the Committee has “no existence” outside of Title III and therefore cannot represent the interests of the Title III Debtors’ unsecured creditors outside the Title III cases, even if those interests are being adversely affected.<sup>68</sup> This argument is flawed, as it is based on inapposite case law and an overly restrictive interpretation of the powers of a statutory committee under section 1103 of the Bankruptcy Code.

45. The Oversight Board bases its argument on a line of cases, including *In re Dow Corning Corp.*, in which some bankruptcy courts have held that official committees have no “blanket” authority to appear outside the bankruptcy court.<sup>69</sup> None of these cases, however, stand for the proposition that a committee may never, under any circumstances, act outside the case in which it was appointed. Indeed, the cases cited by the Oversight Board are all distinguishable. For example, in *Dow Corning*, the Sixth Circuit affirmed the bankruptcy court’s finding that allowing a committee to participate in legislative and administrative lobbying expanded the authority granted by section 1103(c)(5) “too greatly.”<sup>70</sup> Likewise, in *Johns-Manville Corp.*, the bankruptcy court found that “employment of other attorneys for the sole

---

<sup>67</sup> *Id.* at 312.

<sup>68</sup> GDB/AAFAF Objection ¶ 26; Oversight Board Objection ¶¶ 25-28.

<sup>69</sup> See Oversight Board Objection ¶¶ 24-30 (citing *In re Johns-Manville Corp.*, 52 B.R. 879, 884 (Bankr. S.D.N.Y. 1985), *aff’d*, 60 B.R. 892 (S.D.N.Y. 1986), *rev’d on other grounds*, 801 F.2d 60 (2d Cir. 1986); *In re Dow Corning Corp.*, 199 B.R. 896, 899 (Bankr. E.D. Mich. 1996); *Official Comm. of Tort Claimants v. Dow Corning Corp. (In re Dow Corning Corp.)*, 142 F.3d 433 (6th Cir. 1998)).

<sup>70</sup> *In re Dow Corning Corp.*, 142 F.3d 433, \*3 (6th Cir. 1998).

purpose of commencing shareholder actions in other courts” was outside the scope of section 1103.<sup>71</sup> In contrast to the circumstances of *Dow Corning* and *Johns-Manville Corp.*, the Committee here seeks to appear in this Title VI case, which is a related case pending before the same judge pursuant to the same federal statute, for the limited purpose of representing the interests of the Title III Debtors’ unsecured creditors, which stand to be directly and adversely affected.

46. In the absence of any contrary precedent, and given (i) the conflicts of interest pervading the GDB Restructuring and (ii) the unprecedented nature of PROMESA and the current circumstances, this Court should take a practical approach to this issue. The Committee is not trying to commence an action in some far-flung jurisdiction or to lobby Congress. In any event, it is ridiculous to suggest that a statutory committee can have no existence outside the confines of the case in which it was appointed. Indeed, there are numerous examples of official committees appearing in state courts and other non-bankruptcy courts pursuant to orders of derivative standing.<sup>72</sup>

---

<sup>71</sup> *In re Johns-Manville Corp.*, 52 B.R. 879, 883 (Bankr. S.D.N.Y. 1985), *aff’d*, 60 B.R. 892 (S.D.N.Y. 1986), *rev’d on other grounds*, 801 F.2d 60 (2d Cir. 1986).

<sup>72</sup> *See, e.g., Official Committee of Unsecured Creditors of Wickes Inc. v. Wilson*, 2006 WL 1457786, at \*1 (N.D. Ill. 2006) (noting that bankruptcy court had authorized committee, which originally filed complaint in Illinois state court, to pursue claims); *Official Committee of Unsecured Creditors of Integrated Health Servs. Inc. v. Elkins*, 2004 WL 1949290, at \*2 (Del. Ch. 2004) (noting that, after bankruptcy court permissively abstained from entertaining committee’s action, committee filed suit in Delaware Chancery Court); *EBC I, Inc. v. Goldman, Sachs & Co.*, 832 N.E.2d 26, 30 (N.Y. 2005) (noting that committee, which brought suit in New York Supreme Court, was authorized by bankruptcy court to bring action on behalf of EBC I, Inc.); *Crusius v. Ill. Gaming Bd.*, 837 N.E.2d 88, 92 (Ill. 2005) (noting that committee was allowed to intervene in state court appeal as appellee); Complaint, *Official Committee of Unsecured Creditors of RadioShack Corporation v. Kim*, No. 4:15-cv-00652-A, ECF No. 1, ¶ 17 (N.D. Tex., filed Aug. 31, 2015) (noting that committee that brought complaint in federal district court had been granted standing as part of bankruptcy court’s sale order).

**CONCLUSION**

47. For all the foregoing reasons, the Committee respectfully requests a ruling that the Committee has direct standing in this Title VI case to object to GDB's Application on behalf of the Title III Debtors' unsecured creditors.

*[Remainder of page intentionally left blank]*

Dated: September 13, 2018

/s/ Luc A. Despins

PAUL HASTINGS LLP  
Luc. A. Despins, Esq. (*Pro Hac Vice*)  
James R. Bliss, Esq. (*Pro Hac Vice*)  
Nicholas A. Bassett, Esq. (*Pro Hac Vice*)  
200 Park Avenue  
New York, New York 10166  
Telephone: (212) 318-6000  
lucdespins@paulhastings.com  
jamesbliss@paulhastings.com  
nicholasbassett@paulhastings.com

*Counsel to the Official Committee of Unsecured  
Creditors*

- and -

/s/ Juan J. Casillas Ayala

CASILLAS, SANTIAGO & TORRES LLC  
Juan J. Casillas Ayala, Esq., USDC - PR 218312  
Diana M. Batlle-Barasorda, Esq., USDC - PR 213103  
Alberto J. E. Añeses Negrón, Esq., USDC - PR 302710  
Ericka C. Montull-Novoa, Esq., USDC - PR 230601  
El Caribe Office Building  
53 Palmeras Street, Ste. 1601  
San Juan, Puerto Rico 00901-2419  
Telephone: (787) 523-3434  
jcasillas@cstlawpr.com  
dbatlle@cstlawpr.com  
aaneses@cstlawpr.com  
emontull@cstlawpr.com

*Local Counsel to the Official Committee of Unsecured  
Creditors*

**CERTIFICATE OF SERVICE**

I hereby certify that on September 13, 2018 I electronically filed the foregoing document with the United States District Court for the District of Puerto Rico using the CM/ECF system, which electronically served a copy on all counsel of record. A copy of the foregoing document was also served by overnight courier on the following parties:

Government Development Bank  
Attn.: Belén Fornaris Alfaro  
Minillas Government Center  
Ave. De Diego, Parada 22  
San Juan, PR 00907

AAFAF  
Attn.: Mohammad Yassin Mahmud  
Minillas Government Center  
Ave. De Diego, Parada 22  
San Juan, PR 00907

/s/ Luc A. Despins  
Luc A. Despins