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

BRIGADE LEVERAGED CAPITAL STRUCTURES FUND, LTD. et al., Plaintiffs, v. ALEJANDRO GARCÍA PADILLA *et al.*, Defendants.	CIVIL NO. 16-1610 (FAB)

OPPOSITION TO "MOTION FOR A DETERMINATION THAT THE PROMESA STAY DOES NOT STAY PLAINTIFFS' CONSTITUTIONAL CLAIMS, OR, IN THE ALTERNATIVE, FOR RELIEF FROM THE STAY"

TO THE HONORABLE COURT:

COME NOW, defendants Alejandro García Padilla and Juan C. Zaragoza Gómez, in their respective official capacities (collectively "defendants"), specially appearing and without submitting to the jurisdiction or venue of this Court, and hereby state and pray as follows:

I. INTRODUCTION

This motion presents a simple issue of statutory interpretation. By its plain terms, the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), which the President signed into law on June 30, 2016, automatically stays "the commencement or continuation ... of a judicial ... action or proceeding against the Government of Puerto Rico" "with respect to a Liability." PROMESA § 405(b)(1). The key question, then, is whether this action challenging Public Act 21-2016, the Puerto Rico Emergency Moratorium and Financial Rehabilitation Act ("Act 21"), on the ground that it unconstitutionally impairs plaintiffs' rights in their Puerto Rico Government Development Bank (GDB) bonds is an action "with respect to a Liability."

The statute answers that question. PROMESA defines a "Liability" as "a bond ... or other financial indebtedness for borrowed money, including rights, entitlements, or obligations ... related to such a bond ... or other financial indebtedness ... of which ... the issuer, obligor, or guarantor is the Government of Puerto Rico; and ... the date of issuance or incurrence precedes the date of enactment of this Act." PROMESA § 405(a)(1) (emphasis added); see also id. § 5(11) (defining "Government of Puerto Rico" as "the Commonwealth of Puerto Rico, including all its territorial instrumentalities"); id. § 5(19)(A) (defining "territorial instrumentality" as "any political subdivision, public agency, instrumentality—including any instrumentality that is also a bank—or public corporation of a territory, and this term should be broadly construed to effectuate the purposes of this Act."). In light of these statutory definitions, there can be no dispute that plaintiffs' GDB bonds are covered by PROMESA. Nor can there be any dispute that this action "relate[s] to" those bonds: all of plaintiffs' claims allege that Act 21 unconstitutionally impairs their rights in the bonds. Accordingly, the enactment of PROMESA automatically stays the "continuation" of this action.

That point makes sense. PROMESA was enacted in response to Puerto Rico's acute fiscal crisis, which has made it impossible for the Commonwealth and many of its governmental entities (including the GDB) to satisfy all of their financial obligations. The Act thus creates an Oversight Board with the power to authorize the restructuring of Puerto Rico's public debt. In this regard, the Act is modeled on the federal Bankruptcy Code, which similarly imposes an automatic stay to allow a debtor "breathing room" from creditor lawsuits in order to reorganize and return to financial health. PROMESA thus freezes bondholder litigation, like this case, to give the Oversight Board an opportunity to become established and begin making decisions to restore the Commonwealth and its governmental entities to financial health.

Contrary to plaintiffs' suggestion, PROMESA's automatic stay provision, like the Bankruptcy Code's automatic stay provision, raises no constitutional concerns. In sharp contrast to the statutory provisions cited by plaintiffs, the automatic stay provisions of PROMESA and the Bankruptcy Code do not strip the federal courts of jurisdiction; rather, these automatic stay provisions simply give a financially troubled entity some "breathing room" to address its financial problems without simultaneously having to defend against pending litigation that could make those problems worse. Accordingly, there is no basis in law or logic to give PROMESA's automatic stay provision anything other than its plain meaning.

Finally, plaintiffs have not remotely established "cause" to lift the automatic stay here. As noted above, plaintiffs are seeking to challenge certain provisions of Act 21 on constitutional grounds. But PROMESA has just changed the legal landscape governing Puerto Rico's debt, and plaintiffs never explain how, if at all, Act 21 is injuring them in light of the enactment of PROMESA. In contrast, if the stay were lifted, defendants would face the burden of continuing to defend litigation at a time when they need to focus on putting their fiscal house in order. Indeed, it would be particularly inappropriate—and contrary to the purposes of PROMESA—to lift the automatic stay now, before the Oversight Board established by PROMESA has even become operational, and thus has had an opportunity to review, and take a position on, the pending litigation.

II. ARGUMENT

A. This Action Is Covered By PROMESA's Automatic Stay.

1. This Action Involves A "Liability" As Defined By the Act.

Congress enacted PROMESA in response to "a fiscal emergency in Puerto Rico." PROMESA § 405(m)(1). In particular, Congress determined that "[a] comprehensive approach to fiscal, management, and structural problems and adjustments that exempts no part of the

Government of Puerto Rico is necessary, involving independent oversight and a Federal statutory authority for the Government of Puerto Rico to restructure debts in a fair and orderly process." Id. § 405(m)(4). To that end, Congress found that "an immediate—but temporary—stay is essential to stabilize the region for the purposes of resolving this territorial crisis." Id. § 405(m)(5) (emphasis added).

As Congress explained, "[t]he stay advances the best interests common to all stakeholders, including but not limited to a functioning independent Oversight Board created pursuant to this Act to determine whether to appear or intervene on behalf of the Government of Puerto Rico in any litigation that may have been commenced prior to the effectiveness or upon expiration of the stay." Id. § 405(m)(5)(A). Further, "[t]he stay is limited in nature and narrowly tailored to achieve the purposes of this Act, including to ensure all creditors have a fair opportunity to consensually renegotiate terms of repayment based on accurate financial information that is reviewed by an independent authority or, at a minimum, receive a recovery from the Government of Puerto Rico equal to their best possible outcome absent the provisions of this Act." Id. § 405(m)(5)(B). The stay will "allow the Government of Puerto Rico a limited period of time during which it can focus its resources on negotiating a voluntary resolution with its creditors instead of defending numerous, costly creditor lawsuits." Id. § 405(n)(2).

Immediately upon enactment, PROMESA thus automatically stayed, "with respect to a Liability," "the ... continuation ... of a judicial ... proceeding against the Government of Puerto Rico that was ... commenced before the enactment of this Act." Id. § 405(b)(1). There can be no dispute that this action is a "judicial ... proceeding against the Government of Puerto Rico that was ... commenced before the enactment of this Act." Id. The complaint was filed on April 4, 2016, and an amended complaint was filed on May 20, 2016, well before the enactment of PROMESA

on June 30, 2016, and is brought against the Governor in his official capacity, the Secretary of the Treasury in his official capacity, and "John Doe," a non-existent "receiver" for the GDB. See Am. Compl. [Dkt. 52], at 1; see generally PROMESA § 5(11) (defining "Government of Puerto Rico" as "the Commonwealth of Puerto Rico, including all its territorial instrumentalities"); id. § 5(19)(A) (defining "territorial instrumentality" as "any political subdivision, public agency, instrumentality—including any instrumentality that is also a bank—or public corporation of a territory, and this term should be broadly construed to effectuate the purposes of this Act.").

Plaintiffs nonetheless argue that the stay does not apply because this is not an action "with respect to a Liability." See Mot. 4-9. They are plainly wrong. PROMESA defines a "Liability" as follows:

> The term "Liability" means a bond, loan, letter of credit, other borrowing title, obligation of insurance, or other financial indebtedness for borrowed money, including rights, entitlements, or obligations whether such rights, entitlements, or obligations arise from contract, statute, or any other source of law related to such a bond, loan, letter of credit, other borrowing title, obligation of insurance, or other financial indebtedness in physical or dematerialized form, of which—
>
> (A) the issuer, obligor, or guarantor is the Government of Puerto Rico; and
>
> (B) the date of issuance or incurrence precedes the date of enactment of this Act.

PROMESA § 405(a)(1) (emphasis added).

This action falls squarely within that definition. Plaintiffs here allege that they are "investors that collectively hold a substantial amount ... of outstanding bonds issued by GDB." Am. Compl. [Dkt. 52] ¶ 6; see also id. ¶ 23 ("Plaintiffs own a substantial amount of various series of GDB bonds."). They contend that Act 21 unconstitutionally impairs their rights with respect to the bonds, and seek a variety of declaratory and injunctive relief as well as attorneys' fees. See id. Prayer for Relief, at 31-32. Because plaintiffs' standing to bring all their claims hinges on their status as holders of the bonds, their claims clearly "relate to" their rights with respect to the bonds.

Because plaintiffs would have no claims if they did not own the bonds, they can hardly argue that their claims do not "relate to" the bonds.

Plaintiffs' contrary interpretation is based on a plain misreading of the statute. They construe the clause "related to such a bond, loan, letter of credit, other borrowing title, obligation of insurance, or other financial indebtedness" to modify the phrase "contract, statute, or any other source of law," rather than the phrase "rights, entitlements, or obligations." That construction is nonsensical. In context, it is clear that the phrase "whether such rights, entitlements, or obligations arise from contract, statute or other source of law" merely clarifies that the "rights, entitlements, or obligations" included in the definition of "Liability" are not limited solely to "rights, entitlements, or obligations" arising from the covered bonds or other financial instruments. Rather, the source of those "rights, entitlements, or obligations" makes no difference. But the statute applies to "rights, entitlements, or obligations ... related to" a covered bond or other obligation. It would make no sense to focus on the relationship between the sources of law and the bonds, as opposed to between the "rights, entitlements, or obligations" and the bonds.

Plaintiffs only highlight the nonsensical nature of their statutory interpretation by asserting that "constitutional litigation is not subject to the PROMESA Stay" because, "[w]hile the constitutions are certainly a 'source of law,' they are not 'related to' Plaintiffs' GDB Bonds." Mot. 4, 6. It is meaningless to talk about a source of law "related to" a bond. Clearly, the statute is not limited to claims that arise out of the bonds—that is the whole point of the source-of-law clause. The "related to" clause can only be read sensibly to modify the "rights, entitlements, or obligations" included within the definition of "Liability." Thus read, the provision makes perfect sense: a "Liability" includes "rights, entitlements, or obligations ... related to" a bond, regardless of the source of law of those rights, entitlements, or obligations.

Plaintiffs thus miss the point by insisting that "the constitutions are not 'related to' Plaintiffs' GDB bonds." Mot. 7. The point here is that plaintiffs' claims involve "rights ... related to bonds," regardless of the source of those rights (in this case, the Constitutions of the United States and Puerto Rico). Indeed, this is precisely the sort of bondholder litigation against Puerto Rico that PROMESA sought to halt for a temporary period to allow the Commonwealth to stabilize its financial situation and to give the Oversight Board time to set up and review. See PROMESA § 405(m)(5)(A). Because plaintiffs do not, and cannot, deny that the rights they assert in this action are "related to" their bonds, this action is covered by the PROMESA automatic stay.

2. PROMESA Neither Bars Constitutional Claims Nor Deprives The Court Of Jurisdiction.

Plaintiffs argue in the alternative that "[e]ven if Section 405 could be read to encompass constitutional claims, such an ambiguous construction cannot justify applying the PROMESA Stay to this action because Congress can only foreclose constitutional suits by 'clear and convincing' language." Mot. 7-8 (emphasis added); see also id. at 8 ("Federal courts stringently apply the doctrine of constitutional avoidance to laws arguably barring litigants from raising constitutional claims.") (emphasis added). That argument is misguided, because the automatic stay does not "foreclose" or "bar" any actions, but simply delays their adjudication for a temporary period to allow a distressed debtor to put its fiscal house in order without the burden and distraction of defending against litigation. No court has ever suggested that such a temporary stay, as opposed to a provision stripping the federal courts of jurisdiction, raises any constitutional concerns.

To the contrary, federal courts have the inherent power to manage their docket and stay litigation. See, e.g., Cruz-Aponte v. Caribbean Petroleum Corp., 30 F. Supp. 3d 111, 113-114 (D.P.R. 2014) (Besosa, J.). The exercise of this power is not constitutionally suspect, and has long been validated by the Supreme Court. See, e.g., Landis v. North Am. Co., 299 U.S. 248, 254

(1936) ("[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants."). If courts can routinely stay litigation without raising constitutional concerns, *a fortiori* there is no constitutional infirmity in a federal statute that provides for a temporary stay of litigation in order to deal with an unprecedented fiscal emergency.

Thus, plaintiffs' reliance on Johnson v. Robinson, 415 U.S. 361 (1974), for the proposition that "[t]he Supreme Court has repeatedly required 'clear and convincing evidence of congressional intent ... before a statute will be construed to restrict access to judicial review of constitutional claims,'" Mot. 8 (quoting 415 U.S. at 373-74), is misplaced. As plaintiffs acknowledge, the statute in Johnson provided that "'no court ... of the United States shall have power or jurisdiction to review'" certain determinations by the Veterans Administration. Id. (quoting 415 U.S. at 373-74). Johnson, in other words, involved a statute that, on its face, appeared "to bar constitutional challenges," and the Court refused to interpret the statute in that manner absent specific language to that effect. The PROMESA automatic stay, in contrast, does not bar a court from addressing constitutional challenges or anything else; it merely postpones the resolution of such challenges in order "to stabilize the region for the purposes of resolving this territorial crisis." PROMESA § 405(m)(5). Further, PROMESA provides a vehicle for lifting the automatic and temporary stay upon a showing of cause. See PROMESA § 405(e). Accordingly, the "clear and convincing" standard of Johnson simply does not apply here.

B. Plaintiffs Have Not Shown "Cause" To Lift The Automatic Stay.

Plaintiffs fare no better by asking this Court, in the alternative, to lift the PROMESA automatic stay. See Mot. 10-15. As plaintiffs acknowledge, PROMESA authorizes this Court, after notice and a hearing, to "'grant relief from the stay provided under subsection (b) of this

section'" "'for cause shown.'" Mot. 10 (quoting PROMESA § 405(e)(2)) (emphasis added). Like the automatic stay provision of the Bankruptcy Code, on which the automatic stay provision of PROMESA is modeled, PROMESA "does not define 'cause'; but, generally speaking, 'cause' is said to exist when the harm that would result from a continuation of the stay would outweigh any harm that might be suffered by the debtor or the debtor's estate if the stay is lifted." Peerless Ins. Co. v. Rivera, 208 B.R. 313, 315 (D.R.I. 1997); see also In re Opelika Mfg. Corp., 66 B.R. 444, 448 (Bankr. N.D. Ill. 1986) ("Cause to lift the stay exists when the stay harms the creditor and lifting the stay will not unjustly harm the debtor or other creditors."); see also In re City of Detroit, Mich., 501 B.R. 702, 709 (Bankr. E.D. Mich. 2013) (applying a balancing test in denying a motion to lift the stay in the context of a Chapter 9 bankruptcy). Plaintiffs argue that "the equities here tilt heavily in favor of granting Plaintiffs relief from the stay and allowing Plaintiffs' constitutional claims to be considered on the merits." Id. at 11. That argument ignores the purpose and scope of PROMESA and the protections that the statute provides creditors like plaintiffs.[1]

1. Plaintiffs Will Not Suffer Any Harm From The Stay.

As explained in detail in defendants' motion to dismiss [Dkt. 74], the thrust of plaintiffs' challenge to Act 21 involves certain receivership provisions which allow for the appointment of a receiver for GDB and the creation of a "bridge bank." See, e.g., Am. Compl. [Dkt. 52] ¶ 34; Act 21 §§ 301, 401 [Dkt. 52-1 at 74 and 80). In their motion to lift the automatic stay, plaintiffs argue

[1] In a footnote, plaintiffs cite In re Sonnax Indus., Inc., 907 F.2d 1280, 1285 (2d Cir. 1990), which outlines twelve factors usually considered by courts (including courts in this Circuit) in determining whether there is "cause" to lift a bankruptcy stay. See Mot. 10 n. 5. However, in their motion, plaintiffs do not discuss any of these factors. In the bankruptcy context, "[t]he burden of proof on a motion to lift or modify the automatic stay is a shifting one." Sonnax, 907 F.2d at 1285. "If the movant fails to make an initial showing of cause, ... the court should deny relief without requiring any showing from the debtor that it is entitled to continued protection." Id. Because plaintiffs failed to discuss any of the Sonnax factors, they have failed to carry their burden in this regard, and it is not necessary for defendants to address the applicability of those factors in this case. Defendants reserve their right to address these factors, which militate in favor of preserving the stay, to the extent necessary, at any hearing scheduled by the Court in this regard.

that Act 21's receivership provisions unlawfully discriminate among creditors of equal rank and are thus preempted not only by Section 903(1) of the Bankruptcy Code, but also by PROMESA itself. See Mot. 12-13. Plaintiffs also argue that PROMESA now provides a complete legal framework for restructuring GDB and that, unless this Court grants relief from the PROMESA stay, plaintiffs will suffer injury from the allegedly unconstitutional provisions of Act 21. Id. at 13.

Far from showing "cause" to lift the PROMESA automatic stay, this argument actually underscores the need to maintain the stay pending the appointment of an Oversight Board as provided in PROMESA. As explained in defendants' motion to dismiss [Dkt. 74], incorporated herein by reference, the appointment of a receiver for GDB under Act 21 requires the occurrence of certain conditions, which have not yet come to pass. Id. at 12. Thus, a receiver for GDB has not been appointed, which is clear from the face of plaintiffs' Amended Complaint, naming the putative receiver as a defendant under the generic name of "John Doe." Id. at 10. Plaintiffs' constitutional challenge to the receivership provisions of Act 21 is simply not ripe for adjudication.

The enactment of PROMESA actually bolsters that point. PROMESA establishes an Oversight Board for Puerto Rico. See PROMESA § 101(b)(2). This Oversight Board has the authority, among other things, to approve Fiscal Plans (as defined in the Act) for the Commonwealth or its instrumentalities. Id. § 201. In connection with this authority, the Oversight Board may intervene in any litigation filed against the Government of Puerto Rico. Id. § 212(a). The Oversight Board may also provide recommendations relating to the effect of Puerto Rico laws and court orders on the operations of the government. Id. § 205(a)(7). Finally, the Oversight Board, in its discretion, may exclude any instrumentality of the Government of Puerto Rico from the requirements of the Act. Id. § 101(d)(2).

In performing its functions pursuant to PROMESA, the Oversight Board may conceivably design a Fiscal Plan for GDB that substitutes or displaces Act 21's receivership provisions. However, the Oversight Board could conceivably also design a Fiscal Plan that complements the receivership provisions, and even intervene in this action to defend the validity of certain provisions in order to use or incorporate the same into a Fiscal Plan. On the other hand, the Oversight Board could decide to exclude GDB from the requirements of the Act altogether.

It is irrelevant which of these possibilities is more likely; the point here is that, until an Oversight Board is appointed, all of these possibilities, including the potential enforcement of Act 21's challenged receivership provisions, are pure speculation. In this connection, plaintiffs' argument that the receivership provisions are preempted by PROMESA is as unripe as its preemption argument based on the Bankruptcy Code.[2]

As noted above, one of the purposes of PROMESA's automatic stay is precisely to allow "a functioning independent Oversight Board created pursuant to this Act to determine whether to appear or intervene on behalf of the Government of Puerto Rico in any litigation that may have been commenced prior to the effectiveness or upon expiration of the stay." PROMESA § 405(m)(5)(A). Plaintiffs' attempt to lift the stay before the appointment of the members of the Board in order to request that Act 21 be struck down would defeat this purpose. There is simply no need to rush to a constitutional determination regarding the validity of the receivership provisions of Act 21 when these are not being enforced, and at this time it is completely unclear and speculative what effect, if any, PROMESA will have on the payment of claims by GDB creditors.

[2] It would also be necessary for plaintiffs to further amend their complaint after the enactment of PROMESA to articulate this claim before the Court. Plaintiffs cannot be allowed to amend their complaint *de facto* through their Motion to Lift Stay.

Plaintiffs will not suffer any harm from the continuation of the PROMESA automatic stay. Plaintiffs argue that Act 21 allows for preferential treatment of in-state creditors vis-à-vis out-of-state creditors. As explained in defendants' motion to dismiss, this is simply not the case. In any event, even if any allegedly preferential transfers were made during the pendency of the stay, PROMESA provides a vehicle for recovery of such transfers. See PROMESA §§ 204(c)(3), 407(a), (b). Ultimately, any alleged harm suffered from an alleged preferential transfer involves the recovery of money (i.e., payment of the relevant bonds) and not an irreparable harm. See K-Mart Corp. v. Oriental Plaza, Inc., 875 F.2d 907, 914 (1st Cir. 1989) ("[I]f money damages will fully alleviate harm, then the harm cannot be said to be irreparable.").

2. The Harm To The Commonwealth Of Puerto Rico And The Public Interest Manifestly Outweighs Any Harm Allegedly Suffered By Plaintiffs As A Result Of The Automatic Stay.

PROMESA is an unprecedented federal statute designed to deal with a fiscal emergency affecting the Government of Puerto Rico and its instrumentalities. PROMESA § 405(m). The stay mandated by PROMESA "is essential to stabilize the region for the purposes of resolving this territorial crisis." Id. § 405(m)(5). Some of the express purposes of the stay are to: "(1) provide the Government of Puerto Rico with the resources and the tools it needs to address an immediate existing and imminent crisis; (2) allow the Government of Puerto Rico a limited period of time during which it can focus its resources on negotiating a voluntary resolution with its creditors instead of defending numerous, costly creditor lawsuits; (3) provide an oversight mechanism to assist the Government of Puerto Rico in reforming its fiscal governance and support the implementation of potential debt restructuring." Id. § 405(n). Ultimately, one of the main purposes of PROMESA is to "benefit the lives of 3.5 million American citizens living in Puerto Rico by encouraging the Government of Puerto Rico to resolve its long standing fiscal governance

issues and return to economic growth." Id. § 405(n)(5). The lifting of the stay requested by plaintiffs would defeat these purposes.

As explained in the previous section, at present it is unclear whether the receivership provisions of Act 21 challenged by plaintiffs will ever be enforced. PROMESA, the doctrine of constitutional avoidance, the public interest and a fundamental sense of prudence counsel against lifting the stay to allow this action to continue. Allowing this case to continue at this stage could prove to be an exercise in futility, as the Oversight Board could end up adopting a Fiscal Plan that does not involve the receivership provisions of Act 21 in any way. To the contrary, if the Oversight Board were to adopt provisions of Act 21 in connection with its proposed Fiscal Plan, the lifting of the stay at this juncture could moot those provisions of PROMESA allowing the Oversight Board to intervene in any pending actions.

Ultimately, and contrary to plaintiffs' assertions, the lifting of the stay in this case may lead other plaintiffs to also attempt to lift the stay of their claims involving a "Liability" under the Act. This would force the Commonwealth to litigate a multiplicity of actions, including constitutional claims, which may lead to inconsistent results. See, e.g., City of Detroit, 501 B.R. at 709 (stay provisions of Bankruptcy Code are "designed to consolidate into the bankruptcy case all proceedings that relate to and impact the case, so that the debtor, and, for that matter, all of the other parties, are not required to endure the expense and complexity of litigating multiple issues in multiple courts. Such duplicative litigation also creates the risk of inconsistent results.").

Regardless of the merits of plaintiffs' claims and the virtues or defects of Act 21, at this juncture, just days after the approval of PROMESA and the establishment of an Oversight Board for Puerto Rico, the public interest mandates preserving the *status quo* and avoiding a rush to the courthouse or the premature dismantling of statutory provisions created to address the current

fiscal emergency in Puerto Rico, without the benefit of the appointment of the members of the Oversight Board. There is no point in allowing this litigation to continue and pass judgment over the constitutionality of certain statutory provisions that may or may not be enforced, depending on the determinations of a body whose members have not yet been appointed. Contrary to plaintiffs' assertions, lifting the stay will not foster voluntary restructuring or clarify the "rules of the road," Mot. 14, in any meaningful way. The "rules of the road" are wholly dependent on the actions and determinations of the Oversight Board, which has not yet been appointed.

It must be noted that other GDB bondholders have alleged before this Court that negotiations and settlements with other investors could lead to preferential transfers. See, e.g., Trigo v. García Padilla et al., Civil No. 16-2257 (FAB), Dkt. No. 1 at ¶ 51. Although defendants disagree with this contention, it underscores the need for a stay, in the interest of all stakeholders (PROMESA § 405(m)(5)(A)), to allow for an organized and coordinated process to take place pending the appointment of the members of the Oversight Board and after the Board makes certain decisions taking into consideration PROMESA's mandate and the current legal framework (including Act 21) applicable to plaintiffs' and other bondholder claims.

WHEREFORE, defendants respectfully request that the Court deny plaintiffs' motion at Docket No. 71 and declare that this action is stayed under Section 405(b)(1) of PROMESA.

RESPECTFULLY SUBMITTED.

I HEREBY CERTIFY that on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to all counsel of record.

In San Juan, Puerto Rico, this 18th day of July, 2016.

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