

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

LEX CLAIMS, LLC, et al.,

Plaintiffs,

v.

**THE COMMONWEALTH OF PUERTO RICO, et
al.,**

Defendants.

Case No. 3:16-cv-02374 (FAB)

**MAJOR COFINA BONDHOLDERS' RESPONSE TO ORDER [ECF NO. 243]
REGARDING FIRST CIRCUIT INTERIM STAY OF PROCEEDINGS**

COMES NOW the Intervenor-defendants, the Major COFINA Bondholders¹, by and through their undersigned counsel, respectfully state as follows:

1. On March 20, 2017, in a consolidated appeal relating to the above-captioned case, the First Circuit entered an order (the "1st Circuit Order") providing that "[t]he district court proceedings are stayed until further notice." *Lex Claims, LLC v. Alejandro Garcia Padilla*, No. 17-1241 (1st Cir. Mar. 20, 2017).

2. Following entry of the Interim Stay Order, on March 20, 2017, the Hon. Ricardo Rosselló Nevares, the Hon. Raúl Maldonado, and the Hon. José Marrero Rosado filed a *Motion for an Order Commencing Court-Annexed Mediation* [ECF No. 242] ("Mediation Motion").²

¹ The Major COFINA Bondholders are identified in the Answer filed at Docket No. 224.

² As asserted in the Mediation Motion, the Honorable Ricardo Rosselló Nevares became Governor of Puerto Rico on January 2, 2017 and therefore succeeds the Honorable Alejandro Garcia-Padilla as defendant in this action. Raúl Maldonado and José Marrero Rosado likewise succeeded Messrs. Zaragoza and Cruz as Secretary of the Treasury and Director of the Office of Management and Budget, respectively.

3. On March 21, 2017, this Court issued a docket order directing the parties to inform the court of “their position as to mediation and whether the Court can refer the case to mediation in view of the stay.” [ECF No. 243]. The Major COFINA Bondholders submit this response to this Court’s March 21 order.

4. The Major COFINA Bondholders respectfully submit that the 1st Circuit Order stays this court from ordering mediation.

5. The Interim Stay Order provides that “[t]he district court proceedings are stayed until further notice.” The Mediation Motion attempted to commence “a proceeding” under Local Rule 83J(b)(2). Local Rule 83J sets forth the procedures applicable to mediation, including those governing the selection of the mediator, his or her compensation, and any deadlines for the mediation’s completion. Any disputes over these procedures are resolved by the filing of objections and other pleadings in the district court, followed by the entry of orders – i.e., by “district court proceedings.” *See* Local Rule 83J(d) & (e)(2).

6. Thus, responses to the Mediation Motion, and any order entered by this court to grant or deny the Mediation Motion, are “proceedings” in this Court which are stayed by the 1st Circuit Order.

7. The Major COFINA Bondholders also oppose the Mediation Motion on substantive grounds, which they will assert in a response to be filed upon expiration of the stay of proceedings in this court. The stay will presumably expire with expiration of the PROMESA stay on May 1, 2017.

WHEREFORE, Major COFINA Bondholders respectfully request that the Court not enter any order granting the Mediation Motion but instead enter an order setting a date on or after May 2, 2017 for the filing of substantive responses to the Mediation Motion.

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 notify the attorneys of record.

RESPECTFULLY SUBMITTED,

In San Juan, Puerto Rico, today March 31, 2017.

**TORO, COLÓN, MULLET, RIVERA
& SIFRE, P.S.C.**

s/ Manuel Fernández-Bared

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