

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

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LEX CLAIMS, LLC, <i>et al.</i> ,	:	
	:	
Plaintiffs,	:	
	:	
- against -	:	Civil No. 3:16-cv-2374 (FAB)
	:	
ALEJANDRO GARCIA PADILLA, <i>et al.</i> ,	:	
	:	
Defendants.	:	
	:	
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**COFINA DEFENDANTS’ JOINDER IN NOTICE AND MOTION  
TO STAY PLAINTIFFS’ SECOND AMENDED COMPLAINT**

TO THE HONORABLE COURT:

Defendants Puerto Rico Sales Tax Financing Corporation (“COFINA”) and the Honorable Juan Vaquer, as Executive Director of COFINA (collectively, the “COFINA Defendants”), specially appearing without submitting to the jurisdiction of this Court, respectfully submit this joinder in the Notice of Automatic Stay [PACER Dkt. 84] (the “Stay Notice”), filed on November 7, 2016 by the Honorable Alejandro García Padilla, the Honorable Juan C. Zaragoza Gómez, and the Honorable Luis Cruz Batista (collectively, the “Puerto Rico Officers”) in this action. The Puerto Rico Officers have taken the position that all claims in the Second Amended Complaint [PACER Dkt. 78] filed by Plaintiffs in this action on November 4, 2016 are automatically stayed by Sections 405(b)(1) and (b)(3)-(6) of the Puerto Rico Oversight, Management, and Economic Stability Act, 48 U.S.C. § 2101 *et seq.*, (“PROMESA”).

Alternatively, they have requested that this Court, in the exercise of its discretion and inherent power to manage its docket, stay the piecemeal litigation and disposition of Counts 1 through 3 and 12 of the Second Amended Complaint.

By order dated November 16, 2016 [PACER Dkt. 103], the Court informed the parties that it will treat the Stay Notice as a motion to stay. The Plaintiffs have opposed the Stay Notice. [PACER Dkt. 127]. The Puerto Rico Officers have now briefed that issue. *See, e.g.*, Reply to Plaintiffs' Opposition to Notice of PROMESA Stay [PACER Dkt. 157]. For the following reasons, the COFINA Defendants respectfully join in the Stay Notice and that briefing.

1. COFINA is the issuer of certain sales tax revenue bonds (the "COFINA Bonds") pursuant to an Amended and Restated Sales Tax Revenue Bond Resolution (the "Resolution") adopted on July 13, 2007. *See* Plaintiffs' Opposition to COFINA Bondholders' Motion for Leave To Intervene ("Plaintiffs' Opp.") Ex. B. [PACER Dkt. 87].

2. Certain proceeds (the "Pledged Amounts") from sales taxes imposed by the Commonwealth of Puerto Rico (the "Commonwealth") are the only source for payment of the COFINA Bonds. Those Pledged Amounts are secured by a statutory lien. *See* Plaintiffs' Opp. Ex. B. at 44, 60-61.

3. As originally commenced on July 20, 2016 [PACER Dkt. 1], Plaintiffs had not sued the COFINA Defendants in this action.

4. On November 4, 2016, however, Plaintiffs filed a Second Amended Complaint [PACER Dkt. 78] in which they added the Commonwealth of Puerto Rico, the COFINA Defendants, and the Bank of New York Mellon, as Trustee for the COFINA Bonds, as additional Defendants. Plaintiffs also purported to add twelve new causes of action, including five (Counts 2, 4, 5, 12 and 13) specifically aimed at the COFINA Defendants.

5. In Counts 2, 4, 5, 12, and 13 Plaintiffs seek to deprive COFINA, and thus the bondholders to which it owes money, of the statutory lien and only source of repayment for the COFINA Bonds.

6. The COFINA Defendants therefore have a strong interest in the stay asserted and requested originally by the Puerto Rico Officers. Absent such a stay, the rights, security, and only source of payment by COFINA of its debts to its bondholders will be lessened or destroyed by litigation that otherwise should not currently be proceeding.

7. The COFINA Defendants do not request additional briefing of the issues already briefed with respect to the stay. They adopt and incorporate here by reference the applicable factual and legal arguments made by the Puerto Rico Officers, as further supported by several of the proposed intervenors in this case. *See, e.g.*, Memorandum of Law In Support of COFINA Senior Bondholders' Motion for Leave To Intervene for the Limited Purpose of Seeking Enforcement of the PROMESA Stay [PACER Dkt. 50]; Ambac Assurance Corporation's Motion for Leave To Intervene and in Support of the PROMESA Stay [PACER Dkt. 55]; Financial Oversight and Management Board's Motion To Intervene [PACER Dkt. 62].

WHEREFORE, the COFINA Defendants respectfully request that:

- A. The Court accept their joinder as described above;
- B. The Court enter an order staying this action pursuant to Sections 405(b)(1) and (b)(3)-(6) of PROMESA; or
- C. In the alternative, and to the extent not already stayed, that the Court stay Counts 2, 4, 5, 12, and 13 of the Second Amended Complaint in the exercise of the Court's discretion and its inherent power to manage its docket, so as to prevent disruptive, piecemeal litigation; and
- D. Grant the COFINA Defendants such other and further relief as may be just and proper.

Dated: December 16, 2016

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*(pro hac vice admissions pending)*