

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

Brigade Leveraged Capital Structures Fund Ltd.,
et al.,

Plaintiffs,

v.

Alejandro Garcia-Padilla, *et al.*,

Defendants.

Civil No. 16-1610 (FAB)

National Public Finance Guarantee Corporation,

Plaintiff,

v.

Alejandro Garcia-Padilla, *et al.*,

Defendants.

Civil No. 16-2101 (FAB)

Dionisio Trigo-Gonzalez, *et al.*,

Plaintiffs,

v.

Alejandro Garcia-Padilla, *et al.*,

Defendants.

Civil No. 16-2257 (FAB)

U.S. Bank Trust National Association, *et al.*,

Plaintiff,

v.

The Commonwealth of Puerto Rico, *et al.*,

Defendants.

Civil No. 16-2510 (FAB)

**DEFENDANTS' STATEMENT IN SUPPORT OF THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD'S MOTION FOR EXTENSION OF TIME**

TO THE HONORABLE COURT:

COME NOW, defendants in the above-captioned cases, specially appearing and without submitting to the jurisdiction or venue of this Court, and hereby submit their statement in support of the Financial Oversight and Management Board's Motion for an Extension of Time and pray as follows:

As PROMESA makes clear, it is important that the Oversight Board be given the opportunity to participate meaningfully in these proceedings. PROMESA specifically provides the Oversight Board with the right to intervene in litigation filed against the Commonwealth and covered territorial instrumentalities. *See* PROMESA §§ 101(d)(1)(A), 212. In parallel with that right, Congress included in PROMESA the automatic stay to provide, among other benefits, sufficient time for a functioning, independent Oversight Board “to determine whether to appear or intervene on behalf of the Government of Puerto Rico in any litigation....” *Id.* § 405(m)(5). Given this clear manifestation of congressional intent and the parties' near uniformity in recognizing the important role of the Oversight Board in resolving the current fiscal crisis in Puerto Rico, *see, e.g.*, Joint Stipulations [Dkt. 115], Case No. 3:16-cv-01610-FAB, ¶¶ 1-2, 4, 8-9, the Court should grant the Oversight Board's motion.

As the Oversight Board emphasizes in its moving papers, it should be given a reasonable amount of time to conduct negotiations with creditors without “being under the pressure of having to participate in multiple litigations.” Mot. at 8. That position furthers the goals of PROMESA and is consonant with the views of Congress on the matter. *See, e.g.*, H.R. Rep. No. 114-602, at 52 (2016) (“The Committee views the stay as a critical component of the legislation.... [T]he stay ensures order during the initial few months of the Oversight Board's existence, thereby allowing the Oversight Board the opportunity to establish its foundational structure and begin its

monumental task of ensuring Puerto Rico regains access to capital markets.”). Though there is no way to reverse the unnecessary pressure that has been placed on Oversight Board and the Commonwealth by what has clearly become a race to the courthouse, granting the Oversight Board’s motion now is a step in the direction of furthering the broader purpose of the § 405 automatic stay.

Any argument that plaintiffs would be prejudiced by granting the Oversight Board’s motion is without basis. The Oversight Board has requested only a very brief period of time sufficient, it states, to “retain counsel and review the merits of the lift stay motions and the underlying actions.” Mot. at 9. Failing to provide the Oversight Board with this brief period of time denies it the opportunity to marshal its resources and, as PROMESA contemplates, participate meaningfully in all aspects of the Commonwealth’s reform efforts. It is thus only the Oversight Board and the Commonwealth that could be prejudiced by denial of the motion, especially where, as here, plaintiffs have not in the first instance shown cause to lift the stay.

RESPECTFULLY SUBMITTED.

WE HEREBY CERTIFY that on this same date, we 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 12th day of October, 2016.

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