

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

**AUTONOMOUS MUNICIPALITY OF
SAN JUAN,**

Plaintiff,

-v-

**THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR
PUERTO RICO; GOVERNMENT
DEVELOPMENT BANK OF PUERTO
RICO; and PUERTO RICO FISCAL
AGENCY AND FINANCIAL
ADVISORY AUTHORITY,**

Defendants.

CIVIL NO. 17-2009 (LTS)

**DECLARATORY JUDGMENT;
INJUNCTIVE AND OTHER
EQUITABLE RELIEF**

INTERVENOR’S COMPLAINT

TO THE HONORABLE COURT:

COMES NOW, the intervenor **Municipality of Mayaguez** (hereinafter, the “Municipality” or “Mayaguez”), through the undersigned attorneys, and most respectfully states, alleges and prays as follows:

I. JURISDICTION AND VENUE

1. This Court has federal question subject matter jurisdiction pursuant to 28 U.S.C. § 1331 because this action arises under the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), a federal statute codified at 48 U.S.C. §§ 2101-2241.

2. In addition, this Court has jurisdiction under Section 106(a) of PROMESA, which grants this Court jurisdiction over “any action against the Oversight Board, and any action . . . arising out of [PROMESA], in whole or in part.” 48 U.S.C. § 2126(a). Because this action

challenges the Oversight Board's unlawful application of Section 601 of PROMESA, Section 106(e) is inapplicable. *See* 48 U.S.C. § 2231(n)(2).

3. The Court is authorized to provide declaratory relief under the Declaratory Judgment Act, 28 U.S.C. §§ 2201-2202.

4. Venue is proper in the District of Puerto Rico under 28 U.S.C. § 1391(b)(2) because a substantial part of the events, omissions, communications, and transactions giving rise to Plaintiffs' claims occurred in this judicial district, and under 48 U.S.C. § 2126(a).

II. THE PARTIES

5. The Municipality of Mayaguez is a local autonomous government within the Commonwealth of Puerto Rico.

6. The descriptions of the other parties to this action, as stated at paragraphs 10-15 of the Complaint of the Autonomous Municipality of San Juan (the "Municipality of San Juan") are accurate. *See* ECF No. 1, *Autonomous Municipality of San Juan v. The Financial Oversight and Management Board*, Case No. 3:17-cv-02009-LT. In the furtherance of procedural economy, the Municipality of Mayaguez adopts herein the aforementioned allegations set forth in the Municipality of San Juan's Complaint in their entirety.

III. THE FACTS

7. The Municipality of Mayaguez has deposits and trust funds at the Government Development Bank for Puerto Rico ("GDB"). The Municipality of Mayaguez's interest in this action is to ensure that its ability to provide essential services to its citizens will not be impaired by the illegal Restructuring Support Agreement ("RSA") to restructure the debts of the GDB under Title VI of PROMESA, 48 U.S.C. §§ 2101-2241.

8. On July 14, 2017, the Financial Oversight and Management Board for Puerto Rico (“Oversight Board”) conditionally certified the GDB’s RSA. As explained in San Juan’s Complaint, the RSA purports to unlawfully appropriate Municipality of Mayaguez’s interests in two types of property. First, the RSA contemplates a raid of property tax revenues held in a trust pursuant to a trust agreement at GDB for the benefit of Puerto Rico’s municipalities in order to pay the GDB’s bondholders. Second, the RSA purports to illegitimately strip Puerto Rico’s municipalities which maintain deposits at the GDB of their statutory right under the laws of Puerto Rico to set off the amount of their deposits in the GDB against the amount of their debts to the GDB.

9. Like the Municipality of San Juan, the Municipality of Mayaguez owns trust and/or deposit funds that are in the exclusive possession and control of the GDB and that have been impermissibly commingled with assets of said financial institution for distribution amongst its creditors as part of the challenged RSA. In addition, the Municipality of Mayaguez was subject to the confiscation of excess CAE (the Spanish-language acronym for a portion of municipal revenue collected by the Municipal Revenue Collection Center and deposited in the GDB, the excess of which must be tendered to municipal governments) held in trust, as such funds could not be subject to “settlement” under Title VI of PROMESA.

10. Like the Municipality of San Juan, Municipality of Mayaguez is responsible for providing essential public services to its people. The RSA aims to take the Municipality of Mayaguez’s interest in its deposits and trust fund at the GDB and use those monies for the benefit of the GDB’s bondholders. This would have the very harmful and deleterious effect of taking from Municipality of Mayaguez monies that could be used to further fund essential services for its people.

11. In a transparent attempt to sideline municipal depositors, the RSA improperly lumps municipalities together with bondholders, which deprives Municipality of Mayaguez of its statutory right to vote with other municipalities in accordance with the nature and priority of their claims against the GDB. As explained by San Juan, the RSA's denial of a separate voting pool for municipalities with setoff claims is particularly harmful because such a voting pool is practically the only protection that municipalities have under Title VI of PROMESA.

12. Just as egregiously, the RSA also purports to effectuate a "settlement" of trust funds belonging to the people of Municipality of Mayaguez.

13. Last, like the Municipality of San Juan, the Municipality of Mayaguez is adversely affected by legislation and executive orders approved by Puerto Rico in contravention of PROMESA.

14. If all references to San Juan in paragraphs 1-9 and 20-78 of the Municipality of San Juan's Complaint are substituted with references to the Municipality of Mayaguez, the allegations in paragraphs 1-9 and 20-78 of the aforementioned complaint would accurately describe the situation of the Municipality of Mayaguez. *See* ECF No. 1. In the furtherance of procedural economy, the Municipality of Mayaguez adopts herein the aforementioned allegations set forth in the Municipality of San Juan's Complaint in the manner described in the preceding sentence.

IV. CAUSES OF ACTION

16. The Municipality of Mayaguez asserts the same causes of action asserted by the Municipality of San Juan at paragraphs 79-112 of its complaint and hereby seeks the same relief sought by the aforesaid party.

WHEREFORE, it is very respectfully requested from this Honorable Court that the remedies sought in the instant action be hereby **GRANTED**.

RESPECTFULLY SUBMITTED,

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