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*Counsel to the Debtors*

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X		
In re	:	Chapter 11
	:	
Doral Financial Corporation, et al., <sup>1</sup>	:	Case No. 15-10573 (SCC)
	:	
Debtors.	:	(Jointly Administered)
-----X		

**DORAL FINANCIAL CORPORATION'S  
FIRST OMNIBUS OBJECTION TO CERTAIN PROOFS OF CLAIM**

Doral Financial Corporation (“DFC”), a debtor and debtor-in-possession in the above-captioned chapter 11 cases, hereby submits this first omnibus objection (the “First Omnibus Objection”) to certain (a) duplicate claims, (b) amended claims, (c) late-filed claims, (d) claims that do not comply with the applicable rules, and (e) “shareholder claims” which assert equity interests, each as detailed below, and respectfully represents and sets forth as follows:

<sup>1</sup> The last four digits of the taxpayer identification number of the Debtors are: Doral Financial Corporation (2162); Doral Properties, Inc. (2283).

### **Jurisdiction and Venue**

1. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The Motion is a core proceeding pursuant to 28 U.S.C. § 157(b). The statutory predicates for the relief requested herein are sections 501 and 502 of title 11 of the United States Code, 11 U.S.C. § 101, *et seq.* (the “Bankruptcy Code”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

### **Background**

2. On March 11, 2015 (the “Petition Date”), DFC filed a voluntary petition in this Court for relief under chapter 11 of the Bankruptcy Code. On November 25, 2015, Doral Properties, Inc. (“Doral Properties” and, together with DFC, the “Debtors”) filed a voluntary petition in this Court for relief under the Bankruptcy Code. The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these Chapter 11 Cases. An Official Committee of Unsecured Creditors (the “UCC”) was appointed on March 23, 2015.

3. On May 22, 2015, DFC filed its Schedules of Assets and Liabilities and Statement of Financial Affairs [Docket No. 155] (the “Schedules”). On June 1, 2015, the Bankruptcy Court entered the *Order Establishing Deadlines to File Proofs of Claim and Approving the Form and Notice Thereof* [Docket No. 170] (the “Bar Date Order”), setting July 10, 2015 as the last day for general claimants to file proofs of claim against DFC (the “General Bar Date”) and September 7, 2015 as the last day for governmental units to file proofs of claim against DFC (the “Governmental Bar Date”). On February 29, 2016, DFC filed its amended schedules [Docket No. 510] (the “Amended Schedules”) and, on February 23, 2016,

DFC filed the *Notice of Supplemental Bar Date* [Docket No. 515] (the “Supplemental Bar Date Notice”) setting a bar date of March 25, 2016 (the “Supplemental Bar Date”, and with the General Bar Date and the Governmental Bar Date, each a “Bar Date”) for creditors with claims set forth in the Amended Schedules.

4. A summary of the Debtors’ business, the Debtors’ capital structure, and the events leading to these Chapter 11 Cases are set forth in the *Declaration of Carol Flaton in Support of First Day Motions* [Dkt. No. 8] (the “First Day Declaration”).

### **Relief Requested**

5. DFC seeks entry of an order (the “Order”), substantially in the form attached as Exhibit A, (a) disallowing each of the claims (the “Objectionable Claims”) identified on Schedule 1, Schedule 2, Schedule 3, Schedule 4, and Schedule 5 to Exhibit A, each as discussed in further detail below, and (b) authorizing DFC’s claims agent, Garden City Group, LLC (“GCG”), to expunge each of the Objectionable Claims from the official claims register maintained by GCG (the “Claims Register”).

6. DFC has reviewed its books and records and the Schedules in conjunction with DFC’s analysis of proofs of claim. In this process, DFC has identified certain proofs of claim which should be disallowed, expunged, and/or reclassified based on the grounds set forth in Bankruptcy Rule 3007(d).

7. Pursuant to Bankruptcy Rule 3007(d), DFC may, through an omnibus objection, object to claims that:

- (a) duplicate other claims;
- (b) have been filed in the wrong case;
- (c) have been amended by subsequently filed proofs of claim;
- (d) were not timely filed;

- (e) have been satisfied or released during the pendency of the case in accordance with the Bankruptcy Code, applicable rules, or an order of the court;
- (f) were presented in a form that does not comply with applicable rules, and the objection states that the objector is unable to determine the validity of the claim because of such noncompliance;
- (g) are interests, rather than claims; or
- (h) assert priority in an amount that exceeds the maximum amount under § 507 of the Code.

Bankruptcy Rule 3007(d).

8. In support of this First Omnibus Objection, DFC submits the *Declaration of Scott Martinez in Support of the Debtor's First Omnibus Claims Objection* (the "Martinez Declaration"), attached as Exhibit B.

9. DFC requests entry of an Order granting the relief requested herein with respect to the Objectionable Claims. DFC submits that allowing the Objectionable Claims would result in duplicative or otherwise improper recoveries.

**A. Duplicate Claims**

10. Pursuant to Bankruptcy Rule 3007(d)(1), DFC hereby objects to the proof of claim identified on Schedule 1 to Exhibit A (the "Duplicate Claim"). The Duplicate Claim was filed by Wilmington Savings Fund Society, FSB, as Trustee on account of the Conservation Trust Notes (as defined in the Duplicate Claim) and is substantively duplicative of claim number 31 filed by U.S. Bank National Association, as Trustee on account of the same Conservation Trust Notes. Failure to disallow the Duplicate Claim would result in DFC facing double liability on account of the Conservation Trust Notes.<sup>2</sup>

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<sup>2</sup> On April 28, 2016, DFC filed its *Plan of Reorganization Proposed by Doral Financial Corporation and the Official Committee of Unsecured Creditors of Doral Financial Corporation* (the "Plan") [Docket No. 581].

**B. Amended Claims**

11. Pursuant to Bankruptcy Rule 3007(d)(3), DFC hereby objects to each proof of claim identified in the column labeled as “Amended Claim Number To Be Expunged” on Schedule 2 to Exhibit A (the “Amended Claims”). The Amended Claims have been amended and superseded by the proofs of claim identified in the column labeled as “Superseding Claim Number” on Schedule 2 to Exhibit A (the “Superseding Claims”) and are no longer valid. To avoid double recovery by such claimants, DFC requests that the Court enter an Order expunging and disallowing the Amended Claims in their entirety; provided, that if an attachment to an Amended Claim is not attached to the Superseding Claim, DFC shall treat such attachment as if it were attached to such Superseding Claim. The Superseding Claims shall be preserved, without prejudice to the right of DFC, or any party, to object to such claims on any other ground.

**C. Late Filed Claims**

12. The Bar Date Order and Supplemental Bar Date Notice established deadlines for filing certain proofs of claim against DFC in its chapter 11 case. Pursuant to the Bar Date Order, and as reflected in the notice approved by the Bar Date Order (the “Bar Date Notice”) and the Supplemental Bar Date Notice, holders who fail to file a timely proof of claim are forever barred from asserting such claims against DFC and its estate. See Bar Date Order, ¶15.

13. Pursuant to Bankruptcy Rule 3007(d)(4), DFC objects to each proof of claim identified on Schedule 3 to Exhibit A (the “Late Filed Claims”). The Late Filed Claims were filed after the applicable Bar Date and are therefore barred by the Bar Date Order. Further, no motions seeking permission to submit a late filed proof of claim have been submitted with

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Section 4.02 of the Plan provides for the allowance of claims for the DFC Notes (as defined in the Plan) and the voting rights of the holders of the Conservation Trust Notes, memorializing DFC’s agreement with the relevant indenture trustees regarding these claims.

respect to the Late Filed Claims. DFC requests that the Court enter an Order disallowing and expunging the Late Filed Claims in their entirety.

**D. Claims that Do Not Comply with the Applicable Rules**

14. The Bar Date Order established procedures for filing proofs of claim in the DFC bankruptcy case and requires that each proof of claim “include supporting documentation unless voluminous, in which case a summary must be attached or an example provided as to why documentation is not available.” (Bar Date Order ¶ 12(d)). Bankruptcy Rule 3001(c) further provides that “[w]hen a claim, or an interest in property of a debtor securing the claim, is based in writing, the original or a duplicate shall be filed with the proof of claim.”

15. Pursuant to Bankruptcy Rule 3007(d)(6), DFC objects to each proof of claim identified on Schedule 4 to Exhibit A (the “Insufficient Documentation Claims”). DFC has carefully reviewed its own books and records as well as these proofs of claim and based on such review DFC has concluded that the Insufficient Documentation Claims contain no or inadequate documentation to support the asserted amounts, which are not reflected in the Debtors’ books and records. As a result, DFC is unable to determine the validity of the Insufficient Documentation Claims due to the subject claimant’s failure to provide the requisite supporting documentation. Accordingly, DFC requests that the Court enter an Order disallowing and expunging the Insufficient Documentation Claims in their entirety.

**E. Equity Interests**

16. Pursuant to Bankruptcy Rule 3007(d)(7), DFC hereby objects to each proof of claim identified on Schedule 5 to Exhibit A (the “Equity Based Claims”). The Equity Based Claims assert equity interests, which do not give rise to a “claim,” as such term is defined in section 101(5) of the Bankruptcy Code. DFC requests that the Court enter an Order disallowing and expunging the Equity Claims in their entirety; provided, that for purposes of

clarity, DFC is not seeking to disallow any assertions of equity interests in DFC by this First Omnibus Claims Objection.

17. Based on the foregoing, DFC submits that the relief requested in the First Omnibus Objection is necessary and appropriate, is in the best interests of DFC's estate and creditors, and should be granted in all respects.

#### **Reservation of Rights**

18. Notwithstanding anything contained herein to the contrary, DFC reserves all rights and defenses, including, among other things, to further object to any proofs of claim that are not disallowed or expunged by the First Omnibus Objection on any basis, and to seek to disallow, expunge, reduce, or reclassify such proofs of claim. DFC may file additional objections, as appropriate, as DFC continues to analyze and reconcile claims.

#### **Notice**

19. Notice of this First Omnibus Objection has been provided (i) to the Master Service List provided for in the Order Establishing Certain Notice, Case Management, and Administrative Procedures and Omnibus Hearing Dates [Dkt. No. 74] and (ii) to all claimants who have asserted Objectionable Claims.

WHEREFORE, DFC respectfully requests the Court enter an Order, in substantially the form attached as Exhibit A: (i) granting the First Omnibus Objection as set forth herein, and (ii) granting such other and further relief as is just and proper.

Dated: New York, New York  
May 6, 2016

/s/ James A. Wright III

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*Counsel to the Debtors*



**Exhibit A**

**Proposed Order**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
In re : Chapter 11  
 :  
Doral Financial Corporation, et al.,<sup>1</sup> : Case No. 15-10573 (SCC)  
 :  
Debtors. : (Jointly Administered)  
-----X

**ORDER GRANTING DORAL FINANCIAL CORPORATION'S  
FIRST OMNIBUS OBJECTION TO CERTAIN PROOFS OF CLAIM**

Upon the first omnibus objection (the "First Omnibus Objection") of Doral Financial Corporation (the "Debtor") to certain proofs of claim; and it appearing that this Court has jurisdiction to consider the First Omnibus Objection pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of the First Omnibus Objection in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the First Omnibus Objection is a core proceeding pursuant to 28 U.S.C. § 157(b); and the Court having considered the declaration of Scott Martinez submitted in support of the First Omnibus Objection; and the Court having determined that the relief requested in the First Omnibus Objection is in the best interests of the Debtor, its estate, its creditor, and other parties-in-interest; and it appearing that proper and adequate notice of the First Omnibus Objection has been given and that no other or further notice is necessary; and after due deliberation thereon; and good and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The First Omnibus Objection is GRANTED to the extent provided herein.
2. The Duplicate Claim, identified on Schedule 1 attached to this Order, is hereby disallowed and expunged in its entirety.

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<sup>1</sup> The last four digits of the taxpayer identification number of the Debtors are: Doral Financial Corporation (2162); Doral Properties, Inc. (2283).

3. The Amended Claims, identified in the column labeled as “Duplicate Claim Numbers to be Expunged” on Schedule 2 attached to this Order, are hereby disallowed and expunged in their entirety. This Order does not affect the rights of the claimants to the Superseding Claims identified in the column labeled as “Superseding Claim Number” on Schedule 2 attached hereto, nor the rights of the Debtor, or any party, to object to such claims.

4. The Late Filed Claims, identified on Schedule 3 attached to this Order, are hereby disallowed and expunged in their entirety.

5. The Insufficient Documentation Claims, identified on Schedule 4 attached to this Order, are hereby disallowed and expunged in their entirety.

6. The Equity Based Claims, identified on Schedule 5 attached to this Order, are hereby disallowed and expunged in their entirety.

7. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall be construed as or in any way constitute a waiver of the Debtor’s rights to assert any defenses and objections to any claims or proofs of claim, including those identified on Schedules 1 through 5 attached to this Order, and to seek to disallow, expunge, reduce, or reclassify such proofs of claim, on any basis, and all such rights are hereby reserved and preserved.

8. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall create, nor is intended to create, any rights in favor of, or enhance the status of, any claim held by any person or entity.

9. The Debtor and GCG are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

10. The requirements of Rule 9013-1 of the Local Bankruptcy Rules are deemed satisfied.

11. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation and enforcement of the Order.

Dated: New York, New York  
\_\_\_\_\_, 2016

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HONORABLE SHELLEY C. CHAPMAN  
UNITED STATES BANKRUPTCY JUDGE

**Schedule 1**

<b>Duplicate Claim</b>			
<b>Name of Claimant</b>	<b>Date Filed</b>	<b>Claim Number</b>	<b>Alleged Claim Amount and Classification</b>
Wilmington Savings Fund Society FSB as Trustee	7/8/2015	46	\$170,000,000 (GUC)

**Schedule 2**

<b>Subsequently Amended Claims</b>				
<b>Name of Claimant</b>	<b>Date Filed</b>	<b>Amended Claim Number to be Expunged</b>	<b>Alleged Claim Amount and Classification</b>	<b>Superseding Claim Number</b>
New York State Department of Taxation and Finance	4/29/2015	5	\$120,413.69 (priority); \$2,358.32 (GUC)	128
New York State Department of Labor	4/23/15	6	Unliquidated (priority)	116
Glen Wakeman	5/6/2015	8	\$12,475 (priority); \$2,487,525 (GUC)	36
Tax-Free Puerto Rico Fund Inc.	7/9/2015	58	\$4,712,590.66 (GUC)	81
Tax-Free Puerto Rico Fund II Inc.	7/9/2015	59	\$5,587,364.76 (GUC)	82
Puerto Rico Investors Bond Fund I	7/9/2015	60	\$1,268,601.30 (GUC)	84
Puerto Rico Mortgage-Backed & U.S. Government	7/9/2015	61	\$7,586,595.95 (GUC)	83
Tax-Free Puerto Rico Target Maturity Fund Inc.	7/9/2015	62	\$7,197,015.54 (GUC)	80
USB Trust Company of Puerto Rico	7/9/2015	63	\$100,000 (GUC)	85
New York State Department of Taxation and Finance	8/14/2015	117	\$120,413.69 (priority); \$3,358.32 (GUC)	128
New York State Department of Taxation and Finance	9/3/2015	122	\$329,864.05 (priority); \$87,814.97 (GUC)	128
New York State Department of Taxation and Finance	2/11/2016	124	\$515,831.13 (priority); \$81,799.41 (GUC)	128
Puerto Rico Telephone DBA Claro	4/20/2016	136	\$12,902.47 (GUC)	141
Puerto Rico Telephone DBA Claro	4/20/2016	137	\$62.11 (GUC)	140
Puerto Rico Telephone DBA Claro	4/20/2016	138	\$9.44 (GUC)	139

**Schedule 3**

<b>Late Filed Claims</b>			
<b>Name of Claimant</b>	<b>Date Filed</b>	<b>Claim Number</b>	<b>Alleged Claim Amount and Classification</b>
Embarg Florida-FL North	7/16/2015	108	\$44.31 (GUC)
Centurylink Communications LLC	7/16/2015	109	\$96,470.26 (GUC)
LCDO, Noel Torres Rosado	7/17/2015	111	\$50,000 (Priority)
Martinez & Torres	7/20/2015	112	\$7,555.50 (Secured)
Martinez & Torres	7/21/2015	115	\$7,555.50 (Secured)
CenturyLink Communications LLC	8/25/2015	118	\$6,150 (GUC)
DF Investments LLC	2/11/2016	125	\$644,123.88 (Secured)

**Schedule 4**

<b>Insufficient Documentation Claims</b>			
<b>Name of Claimant</b>	<b>Date Filed</b>	<b>Claim Number</b>	<b>Alleged Claim Amount and Classification</b>
Triple-S Salud Inc.	6/26/2015	25	\$36,162.61 (GUC)
Timothy W Shepler	7/3/2015	32	\$12,475 (priority)
Triple-S Vida	6/22/2015	23	\$61,854 (GUC)
Google Inc.	7/10/2015	74	\$3,277.66 (GUC)
Triple-S Vida, Inc	7/9/2015	51	\$62,236.26 (Priority)
Puerto Rico Telephone DBA Claro	4/27/2016	140	\$62.11 (GUC)
Puerto Rico Telephone DBA Claro	4/27/2016	141	\$12,902.47 (GUC)



**Schedule 5**

<b>Equity Based Claims</b>			
<b>Name of Claimant</b>	<b>Date Filed</b>	<b>Claim Number</b>	<b>Alleged Claim Amount and Classification</b>
Gloria Gregory	5/18/2015	12	\$68,343.75 (GUC)
Rafael Perez Rivera & Maria V. Feliciano	6/15/2015	17	\$1,000 (GUC)
Rafael Perez Rivera & Maria V. Feliciano	6/15/2015	18	\$40 (GUC)
Jose A Despiou Guzman	6/15/2015	20	\$19,000 (GUC)
Jose E Quinones	7/7/2015	44	\$38,700 (GUC)
Raul O Umpierre	7/10/2015	77	\$37,500 (Secured)

**Exhibit B**

**Martinez Declaration**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
In re : Chapter 11  
 :  
Doral Financial Corporation, et al.,<sup>1</sup> : Case No. 15-10573 (SCC)  
 :  
Debtors. : (Jointly Administered)  
-----X

**DECLARATION OF SCOTT MARTINEZ IN SUPPORT  
OF THE DEBTOR'S FIRST OMNIBUS CLAIMS OBJECTION**

I, Scott Martinez, pursuant to 28 U.S.C. § 1746, declare:

1. I am an employee and director of Zolfo Cooper, LLC, the direct parent of Zolfo Cooper Management, LLC, a New Jersey limited liability company (collectively, "Zolfo Cooper"). Zolfo Cooper is the restructuring advisor to Doral Financial Corporation (the "Debtor"). I am also the Chief Restructuring Officer of Doral Properties, Inc., the Debtor's wholly-owned subsidiary, which is a co-debtor in a separate chapter 11 case. The information included in this declaration (the "Declaration") concerning the Debtor is based upon my personal knowledge, information supplied to me by members of the Debtor's management or its professionals, my review of relevant documents, or my opinion based upon my personal experience and knowledge of the Debtor's operations and financial condition. I am duly authorized to make this Declaration in support of Doral Financial Corporation's First Omnibus Objection to Certain Proofs of Claim (the "First Omnibus Objection").<sup>2</sup>

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<sup>1</sup> The last four digits of the taxpayer identification number of the Debtors are: Doral Financial Corporation (2162); Doral Properties, Inc. (2283).

<sup>2</sup> Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the First Omnibus Objection.

### **Omnibus Objection**

2. The Debtor has reviewed its books and records and the Schedules in conjunction with analyzing the proofs of claim filed in the Debtor's chapter 11 case. While this process is still ongoing, the Debtor has identified certain proofs of claim (the "Objectionable Claims") which the Debtor believes should be disallowed, expunged, and/or reclassified as set forth in the First Omnibus Objection, described as follows:

3. Duplicate Claim. The Duplicate Claim is substantively duplicative of claim number 31 filed by U.S. Bank National Association, as Trustee, and the allowance of the Duplicate Claim would result in DFC facing double liability for the underlying claim.

4. Amended Claims. The Amended Claims have been amended and superseded by the Superseding Claims and are no longer valid.

5. Late Filed Claims. The Late Filed Claims were filed after the Bar Date.

6. Insufficient Documentation Claims. The Insufficient Documentation Claims contain no, or inadequate, documentation to support the asserted amounts, and are not reflected in the Debtors' books and records.

7. Equity Based Claims. The Equity Based Claims assert equity interests, rather than claims.

8. Based on the foregoing, as described herein and in the First Omnibus Objection, the Debtor submits that the relief requested in the First Omnibus Objection is necessary and appropriate, is in the best interests of the Debtor's estate and creditors, and should be granted in all respects.

**Declaration**

Pursuant to section 1746 of title 28 of the United States Code, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: New York, New York  
May 5, 2016

  
\_\_\_\_\_  
Scott Martinez