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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., ¹	:	Case No. 15-10573 (SCC)
	:	
Debtors.	:	(Jointly Administered)
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**DORAL FINANCIAL CORPORATION'S
SECOND OMNIBUS OBJECTION TO CERTAIN PROOFS OF CLAIM**

Doral Financial Corporation, a debtor and debtor-in-possession in the above-captioned chapter 11 case (“DFC”), hereby submits this second omnibus objection (the “Second Omnibus Objection”) to certain claims that have been filed in the wrong case, as detailed below, and respectfully represents and sets forth as follows:

¹ 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”).

4. 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”) for creditors with claims set forth in the Amended Schedules.

5. 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

6. 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 and Schedule 2 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”).

7. DFC has reviewed its books and records and the Schedules in conjunction with analyzing 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).

8. Pursuant to Bankruptcy Rule 3007(d)(2), DFC may, through an omnibus objection, object to claims filed in the wrong case. As set forth in greater detail below, the Objectionable Claims were filed in DFC’s bankruptcy case, but DFC has no liability for such claims. Had they been timely filed and otherwise complied with the relevant claim procedures,

the Objectionable Claims may have been properly asserted in the FDIC's receivership of Doral Bank Puerto Rico ("Doral Bank") or the chapter 11 case of Doral Properties.

9. In support of this Second Omnibus Objection, DFC submits the *Declaration of Scott Martinez in Support of Doral Financial Corporation's Second Omnibus Claims Objection* (the "Martinez Declaration"), attached as Exhibit B.

10. 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 improper recoveries.

A. Doral Bank Claims

11. Pursuant to Bankruptcy Rule 3007(d)(2), DFC hereby objects to each proof of claim identified on Schedule 1 to Exhibit A (the "Doral Bank Claims"). The Doral Bank Claims are claims regarding which DFC has no liability and which should not have been filed in DFC's bankruptcy case. These claims appear to be claims against DFC's former subsidiary, Doral Bank. Doral Bank is in receivership, with the FDIC as receiver. The Doral Bank Claims include (i) claims for which the claimant attached documentation supporting a claim against Doral Bank, including, without limitation, contracts to which Doral Bank, not DFC, is the counterparty, (ii) claims arising from litigation against Doral Bank, to which DFC is not a party, and (iii) claims for which the claimant attached a letter indicating that the FDIC, as receiver for Doral Bank, has already approved payment of the claim.

B. Doral Properties Claims

12. Pursuant to Bankruptcy Rule 3007(d)(2), DFC hereby objects to each proof of claim identified on Schedule 2 to Exhibit A (the "Doral Properties Claims"). The Doral Properties Claims arise from a lease between the claimants and Doral Properties to which DFC

was not a party. The Doral Properties Claims do not represent claims against DFC's estate and should not have been filed in DFC's bankruptcy case.

13. Based on the foregoing, DFC submits that the relief requested in the Second 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

14. 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 Second 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

15. Notice of this Second Omnibus Objection has been provided 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 to all claimants who have asserted Objectionable Claims.

WHEREFORE, DFC respectfully requests the Court enter an Order, in substantially the form attached to the Motion as Exhibit A; (i) granting the Second 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.,¹ : Case No. 15-10573 (SCC)
 :
Debtors. : (Jointly Administered)
-----X

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

Upon the second omnibus objection (the "Second Omnibus Objection") of Doral Financial Corporation (the "Debtor") to certain proofs of claim; and it appearing that this Court has jurisdiction to consider the Second Omnibus Objection pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of the Second Omnibus Objection in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the Second Omnibus Objection is a core proceeding pursuant to 28 U.S.C. § 157(b); and the Court having considered the declaration of Scott Martinez in support of the Second Omnibus Objection; and the Court having determined that the relief requested in the Second Omnibus Objection is in the best interests of the Debtor, its estate, its creditors, and other parties-in-interest; and it appearing that proper and adequate notice of the Second 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 Second Omnibus Objection is GRANTED to the extent provided herein.

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

2. The Doral Bank Claims, identified on Schedule 1 attached to this Order, are hereby disallowed and expunged in their entirety.

3. The Doral Properties Claims, identified on Schedule 2 attached to this Order, are hereby disallowed and expunged in their entirety.

4. 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 rights of the Debtor, or any party in interest, to assert any defenses and objections to any claims or proofs of claim, including those identified on Schedules 1 and 2 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.

5. Notwithstanding the relief granted in the 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.

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

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

8. 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

HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE

Schedule 1

Doral Bank Claims			
Name of Claimant	Date Filed	Claim Number	Alleged Claim Amount and Classification
GE Capital Information Technology Solutions Inc.	5/11/15	10	\$69,512.72 (GUC)
Archilla Paper Corporation	6/15/15	19	\$5,948.72 (GUC)
Puerto Rico Bankers Association	6/19/15	22	\$2,950 (GUC)
RR Donnelley de Puerto Rico, Corp.	7/7/15	37	\$65,237.19 (503(b)(9))
Microsoft Corporation and Microsoft Licensing GP	7/8/15	47	\$605,683.32 (GUC)
EMP Law Offices PSC	7/9/15	64	\$18,000 (GUC)
Fernandez Juncos 1866 SE	7/9/15	65	\$100,000 (GUC)
EMP Law Offices PSC	7/9/15	66	\$7,500 (GUC)
Juan R Requena Davila	7/9/15	67	\$7,500 (GUC)
EMP Law Offices PSC	7/9/15	68	\$129,930 (GUC)
Miguel Ramon Rodriguez Muniz et al	7/9/15	69	\$225,000 (GUC)
EMP Law Offices PSC	7/9/15	70	\$129,930.00 (GUC)
Colinas Del Bosque SE Alturas Del Bosque SE	7/9/15	73	\$42,590,465.69 (GUC)
Fishnet Security Inc.	7/10/15	88	\$78,528.45 (GUC)
AT&T Corp.	7/10/15	107	\$2,636.67 (GUC)
Puerto Rico Telephone DBA Claro	4/27/16	139	\$9.44 (GUC)

Schedule 2

Doral Properties Claims			
Name of Claimant	Date Filed	Claim Number	Alleged Claim Amount and Classification
Doral Recovery II LLC FKA CB LLC	7/10/15	75	\$1,276,176.00 (secured)
Doral Recovery II LLC FKA CB LLC	7/10/15	78	\$1,276,176.00 (secured)

Exhibit B

Martinez Declaration

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**DECLARATION OF SCOTT MARTINEZ IN SUPPORT OF
DORAL FINANCIAL CORPORATION'S SECOND 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 Second Omnibus Objection to Certain Proofs of Claim (the "Second Omnibus Objection").²

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

² Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Second Omnibus Objection.

Omnibus Objection

2. The Debtor has reviewed its books and records and the Schedules in conjunction with analyzing 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 Second Omnibus Objection, described as follows:

3. Doral Bank Claims. The Doral Bank Claims are claims for which DFC has no liability because, to the best of my knowledge and understanding, these claims are claims against Doral Bank's estate, in receivership with the FDIC, and not against DFC. The claims have therefore been filed in the wrong case or proceeding.

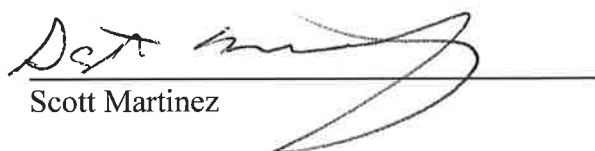
4. Doral Properties Claims. The Doral Properties Claims are claims for which DFC has no liability because, to the best of my knowledge and understanding, these claims are claims against Doral Properties, a separate chapter 11 debtor from DFC. The claims have therefore been filed in the wrong chapter 11 case.

5. Based on the foregoing, as described herein and in the Second Omnibus Objection, the Debtor submits that the relief requested in the Second 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