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Creditors' Trustee*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re : Chapter 11  
: :  
Doral Financial Corporation, : Case No. 15-10573 (JPM)  
: :  
Reorganized Debtor. :  
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**DORAL FINANCIAL CREDITORS' TRUST'S  
NINETEENTH SEMI-ANNUAL STATUS REPORT FOR THE PERIOD  
FROM NOVEMBER 1, 2025 THROUGH APRIL 30, 2026**

## **DORAL FINANCIAL CREDITORS' TRUST**

### **NINETEENTH SEMI-ANNUAL STATUS REPORT FOR THE PERIOD FROM NOVEMBER 1, 2025 THROUGH APRIL 30, 2026**

#### **Background**

The Doral Financial Creditors' Trust (the "Trust") is a Delaware statutory trust that was formed for the benefit of the creditors of Doral Financial Corporation ("DFC" or the "Debtor"). On March 11, 2015, the Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). On August 10, 2016, the Bankruptcy Court entered an order confirming the *Amended Plan of Reorganization Proposed by Doral Financial Corporation and the Official Committee of Unsecured Creditors of Doral Financial Corporation* (the "Plan") which became effective on October 28, 2016 (the "Effective Date").

On the Effective Date, Drivetrain, LLC was appointed as the trustee (the "Trustee") of the Trust to liquidate the assets of the Trust and administer the claims filed against the Debtor. Also on the Effective Date, substantially all of the assets of the Debtor vested in the Trust pursuant to the Plan, including various causes of action (the "Causes of Action"), interest in and proceeds from a loan portfolio (the "I/O Strips"), 100% of the equity of the reorganized Doral Financial Corporation which holds certain Puerto Rican tax assets, and other miscellaneous assets (collectively, the "Trust Assets"). The Trust Assets included \$5.0 million in cash earmarked to fund the startup and operational costs of the Trust.

On the Effective Date, the Trustee allowed certain claims against the Debtor (the "Allowed Claims"), the holders of which received a distribution of cash and interests in the Trust (the "Interests"). The Trustee has reserved cash and Interests on account of the remaining claims filed against the Debtor (the "Disputed Claims").

The Trustee, for U.S. federal income tax purposes, made an election pursuant to Treasury Regulation section 1.468B-9 to treat the cash and Trust Interests reserved for Disputed Claims (the "Disputed Claims Reserves") as a disputed ownership fund (the "DOF") within the meaning of that section. As a separate taxable entity, the Trust will allocate taxable income or loss to the DOF, with respect to any given taxable year for which there are Disputed Claims Reserves. As Disputed Claims are resolved, the Trustee will distribute assets from the DOF to the Trust as, when, and to the extent, such Disputed Claims either became allowed or are otherwise resolved.

The Plan provides that, for federal income tax purposes, the Trust was deemed to be formed in two steps. The contribution by the Debtor of the Trust Assets was treated first as a deemed transfer of the Trust Assets to the holders of Allowed Claims, and to the DOF who is the beneficial holder of the Disputed Claims Reserves (collectively, the "Beneficiaries"). This was followed by a deemed transfer by each Beneficiary of its interest in the Trust Assets to the Trust, in exchange for Interests. The Beneficiaries are treated as the grantors of the Trust and the Trustee will file tax returns for the Trust as a "grantor trust" pursuant to Section 1.671-4(a) of the U.S. Treasury Regulations. The Trustee will also file tax returns for the DOF. For the year-ended December 31, 2018, the DOF had a tax liability of \$524,088. The Trust had paid estimated taxes for 2018 of \$620,000, and the \$95,912 overpayment was applied to the 2019 tax year. There was

no additional tax liability for 2019, 2020, and 2021. The DOF received a Federal tax refund of approximately \$12,000 in October 2020. The refund resulted from the DOF carrying back via the filing of Form 1045, Application for Tentative Refund, its entire 2019 taxable loss and applying it against 2017 taxable income as permitted and provided for by the recently enacted Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136). The DOF also received a Federal tax refund of approximately \$96,000 in July 2021. The refund resulted from prior year estimated tax payments exceeding the actual tax liability. The DOF paid estimated taxes for 2022 in 2023 of \$5,000 and an additional \$811 with the filing of the 2022 Federal tax return. The DOF made an estimated tax payment of \$1,300 during July 2023 for the 2023 tax year and an additional \$1,807 payment with the filing of the 2023 Federal tax return. In addition, the DOF made estimated tax payments of \$18,000 during September 2024 and \$12,000 during January 2025 for the 2024 tax year. The 2024 Federal tax return was filed on September 12, 2025 and reflected a tax overpayment of \$1,628 that will be applied to the 2025 Federal tax year. In addition, the DOF made an estimated tax payment of \$23,000 during September 2025 and \$7,500 during January 2026 for the 2025 Federal tax year.

The Trust is organized and established as a trust, among other things, to (i) administer the Trust Assets for the benefit of the Beneficiaries, (ii) review, reconcile, and where appropriate, object to, any Disputed Claims, (iii) prosecute and settle the Causes of Action, (iv) make any distributions, as provided for under the Trust Agreement (the “Agreement”) and the Plan, and (v) liquidate the Trust Assets. All costs, expenses, and obligations incurred by the Trust in administering the Plan and performing the Agreement are to be paid from the Trust Assets.

The Trust is intended to qualify as a liquidating trust pursuant to United States Treasury Regulation section 301.7701-4(d). The primary purpose of the Trust is to resolve any outstanding claims, liquidate the Trust Assets, and liquidate the Trust with no objective to continue or engage in the conduct of a trade or business, and the Trust shall take no action inconsistent with such qualification except to the extent reasonably necessary to preserve or enhance the liquidation value of the Trust Assets, and consistent with the liquidating purpose of the Trust.

Pursuant to the terms of the Agreement, the Trust is managed by the Trustee and decisions by the Trustee are binding upon and conclusive to the Trust and its Beneficiaries. The Trustee performs its duty as set forth in the Agreement which became effective on the Effective Date of the Plan. The Trustee has been duly appointed as a representative of the Debtor’s estate pursuant to sections 1123(a)(5), (a)(7), and (b)(3)(B) of the Bankruptcy Code and the Plan. The Trustee is responsible for establishing cash reserves to fund the ongoing operations of the Trust and for paying costs and expenses incurred by the Trust. Such cash reserves were funded from the initial funding of \$5.0 million in cash and are expected to be further replenished by cash received by the Trust, including any proceeds from the Causes of Action, the liquidation of any other Trust Asset, and any cash in excess of the amount reserved for the Disputed Claims.

After establishing adequate cash reserves, the Trustee may make distributions to the Beneficiaries (“Distributions”) from time to time in accordance with the terms of the Agreement and the Plan.

The Trust will be dissolved no later than five years from the Effective Date; provided, however, that the Bankruptcy Court, upon motion by a party in interest, on notice with an opportunity for a hearing, may extend the term of the Trust for a finite period if (i) such extension

is necessary to the purpose of the Trust, (ii) the Trustee receives an opinion of counsel or a ruling from the Internal Revenue Service (the “IRS”) stating that such extension would not adversely affect the status of the Trust as a liquidating trust for U.S. federal income tax purposes, and (iii) such extension is obtained within the six month period prior to the Trust’s fifth anniversary or the end of the immediately preceding extension period, as applicable. On October 22, 2021, the terms of the Trust and the Claims Objection Deadline were extended through October 28, 2022. On October 14, 2022, the terms of the Trust and the Claims Objection Deadline were extended through October 28, 2023. On October 30, 2023, the Bankruptcy Court entered an order providing for an extension of the terms of the Trust and the Claims Objection Deadline through October 28, 2024. On October 30, 2024, the Bankruptcy Court entered an order providing for an extension of the terms of the Trust and the Claims Objection Deadline through October 28, 2025. On October 20, 2025, the Bankruptcy Court entered an order providing for an extension of the terms of the Trust and the Claims Objection Deadline through October 28, 2026.

Upon dissolution of the Trust, any remaining Trust Assets, with the exception of the Causes of Action, will be distributed to the Beneficiaries in accordance with the Plan and Article 5 of the Agreement, provided that de minimis amounts (less than \$10,000) will be payable to charity.

After the termination of the Trust and for the purpose of liquidating and winding up the affairs of the Trust, the Trustee shall continue to act as such until the Trustee’s duties have been fully performed. Prior to the final distribution of all of the remaining Trust Assets, the Trustee shall be entitled to reserve from such assets any and all amounts required to provide for the Trustee’s own compensation, costs and expenses in accordance with the Agreement until such time as the winding up of the Trust is completed.

### **Current Activities**

The following is a summary of certain material developments regarding the Trust for the period November 1, 2025, through April 30, 2026:<sup>1</sup>

#### **A. Distributions**

- From November 1, 2025 through April 30, 2026, no distributions to holders of Interests were made.

#### **B. Claims Reconciliations**

- After a Disputed Claim becomes an Allowed Claim, the holder of such Allowed Claim receives all payments and distributions that they would have previously received had they been a holder of an Allowed Claim at the Effective Date.<sup>2</sup> From November 1, 2025 through April 30, 2026, the Trust did not resolve any Disputed Claims.

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<sup>1</sup> Capitalized terms not defined herein shall have the meaning given to them in the Plan. A copy of the Plan can be found on the Bankruptcy Court’s docket at docket entry number 632, or at <http://cases.gcginc.com/dor/key.php>.

<sup>2</sup> With respect to when a Disputed Claim becomes an Allowed Claim, the Trust has scheduled distributions to Subsequently Allowed Claims on or about the 15th of every month.

- As of April 30, 2026, there is one unresolved Disputed Claim remaining on the claims register.<sup>2</sup> The Trust is holding reserves equal to \$1,558,669.

C. DFC Tax Assets

- The Trustee continues to evaluate the tax-related assets and claims held by DFC, including with respect to the impact of the bankruptcy case commenced by the Commonwealth of Puerto Rico under Title III of the Puerto Rico Oversight, Management, and Economic Stability Act on such assets and claims. The Trustee served on the Official Committee of Unsecured Creditors in this Title III bankruptcy case and filed a claim on behalf of DFC. On October 6, 2021, the Financial Oversight and Management Board for Puerto Rico filed the *Amended Eighteenth Notice of Claims to Administrative Claims Reconciliation* [Docket No. 18413] (the “Notice”) in the Title III bankruptcy case. Pursuant to the Notice, DFC’s claim for a tax refund (the “DFC Puerto Rico Claim”) shall be resolved utilizing the Tax Refund Procedures (as defined in the *Order (A) Authorizing Administrative Reconciliation of Claims, (B) Approving Additional Form of Notice, and (C) Granting Related Relief* [ECF No. 12274]) through the Commonwealth’s existing administrative reconciliation processes—where claims are eligible to be paid in full—rather than through the Commonwealth’s plan process.

The Trustee continues to pursue the DFC Puerto Rico Claim in Puerto Rico. Ordinary course procedure requires the Trustee to first seek an administrative determination on whether it is entitled to a tax refund from the Puerto Rico Treasury Department (the “Treasury Department”). After the administrative determination is made, a tax claim holder may appeal that determination on the merits in court. To obtain an administrative determination, the Trustee responded to a request for production from the Treasury Department and filed two complaints in the Puerto Rico Court of First Instance seeking orders compelling the Treasury Department to issue initial and final determinations on the DFC Puerto Rico Claim. On February 5, 2024, the Treasury Department issued a final determination denying the Trustee’s request for a tax refund (the “Administrative Determination”). The Trustee filed a complaint appealing the Administrative Determination on March 1, 2024. The Treasury Department filed an answer on May 13, 2024. DFC filed a motion for summary judgment on November 8, 2024 (the “Trustee Summary Judgment Motion”). The Treasury Department filed an opposition to the Trustee Summary Judgment Motion on January 14, 2025, and the Trustee filed a reply in support of the Trustee Summary Judgment Motion on February 5, 2025. The Puerto Rico Court of First Instance heard oral argument on September 30, 2025, and granted the Trustee Summary Judgment Motion on October 23, 2025 (the “Summary Judgment Decision”). It concluded the Treasury Department must pay a refund of \$30,710,718 and reserved judgment on interest. The Treasury Department filed a motion for reconsideration of the Summary Judgment Decision, which the Puerto Rico Court of First Instance denied on November 14, 2025. The Treasury Department filed an appeal of the Summary Judgment Decision on December 15, 2025. On January 9, 2026, the Trustee filed its brief in opposition to the Treasury Department’s appeal. On March 20, 2026, the Puerto Rico Court of Appeals reversed the Summary Judgment Decision, not on the merits, but because certain material facts remained in controversy, and remanded the case to the Court of First Instance for an evidentiary hearing. On April 1, 2026, the Trustee filed a motion for reconsideration, which the Court of Appeals denied on April 20, 2026. The matter remains ongoing.

- In July 2017, the Trust received \$939,817 in tax refunds from the IRS. The Trustee continues

to review the circumstances surrounding these tax refunds and has engaged in discussions with the IRS regarding the same.

### Financial Summary

The following activity has occurred at the Trust for the six months ended April 30, 2026:

	<u>Cash</u>
Balance at November 1, 2025	\$3,522,814
Additions <sup>(a)</sup>	304,970
Investment Income <sup>(b)</sup>	65,900
Operating Costs <sup>(c)</sup>	<u>(267,540)</u>
Balance at April 30, 2026	<u>\$3,626,144</u>

<sup>(a)</sup> Additions consist of I/O strip proceeds of \$304,970.

<sup>(b)</sup> Investment income consists of interest received on account of (i) DOF accounts of \$38,569 and (ii) Trust operating accounts of \$27,331.

<sup>(c)</sup> Operating costs consist of payments made on account of (i) administrative expenses of \$160,658, and (ii) legal expenses of \$106,882.

Dated: May 26, 2026

Doral Financial Creditors' Trust  
By: Drivetrain, LLC

By: /s/ Ivona Smith  
Ivona Smith  
Authorized Representative  
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