

THE KOCHS' WEALTH VERSUS THE COMMONWEALTH OF PUERTO RICO

While the Koch network's intense interest in Puerto Rico's debt crisis may at first confound, in reality, it is the product of a conflux of political and financial interests for the billionaires who make up some of the network's key donors. After benefitting from a bond bailout by the government of Puerto Rico in 2002 and suing various parties to make sure they didn't lose money after their investments defaulted, the Kochs and their network are once again fighting hard putting their political network to work to pressure legislators and sway the public to keep creditors whole and ensure they aren't left holding the bag from Puerto Rico's current financial troubles. Coincidentally, many significant Koch Network donors are invested in Puerto Rican municipal bonds, and the Koch Industries pension system is involved with firms invested in Puerto Rico municipal bonds. In the last several months, Koch groups including the American Future Fund, 60 Plus, The Cato Institute, and the LIBRE Initiative have declared war against the Governor of Puerto Rico through ads and PR campaigns, calling him corrupt and accusing him of breaking the law. 60 Plus in particular has taken umbrage at the possibility of any debt relief for Puerto Rico, forming a "Main Street Bondholders Alliance" in late August to attack the political leadership of Puerto Rico and the possibility of debt relief. What's the Koch network's motivation? It can only be their bottom line and that of their investor friends of course. When Cato, 60 Plus, American Future Fund, and other Koch-allied groups attack Puerto Rican Governor Alejandro Garcia Padilla or the possibility of taxpayer-funded bailouts or of Puerto Rico declaring bankruptcy which could cause creditors to lose money, those attacks should be viewed as another manifestation of the network attempting to advance its billionaire funders' political and financial interest.

The Kochs Received Their Own Bond Bailout From The Puerto Rican Government In 2002 & Filed Lawsuits Seeking More Money

KOCHS' HELD \$2.2 MILLION OF DEFAULTED BONDS, RECEIVED GOVERNMENT BAILOUT

Koch Financial Owned Puerto Rican Bonds Purchased From AA Public Finance Co. And "Was Bailed Out By The Puerto Rican Government."

Bond Buyer: "Koch Financial... Held \$2.2 Million In Defaulted Bonds And Was Bailed Out By The Puerto Rican Government." According to the Bond Buyer, "Among the buyers was Koch Financial, which held \$ 2.2 million in defaulted bonds and was bailed out by the Puerto Rico government." [Bond Buyer, 12/12/02]

- **Bond Buyer: "The Leases Were Done Between Agencies Such As The Department Of Natural Resources And Department Of Education With A Company Called AA Public Finance Co."** According to the Bond Buyer, "The leases were done between agencies such as the Department of Natural Resources and Department of Education with a company called AA Public Finance Co., which is based in Puerto Rico." [Bond Buyer, 12/12/02]
- **Bond Buyer: AA Public Finance "Then Securitized The Agreements And Sold Them As Nonrated Tax-Exempt Bonds In The United States" To Companies Such As Koch.** According to the Bond Buyer, "The leases were done between agencies such as the Department of Natural Resources and Department of Education with a company called AA Public Finance Co., which is based in Puerto Rico. The company then securitized the agreements and sold them as nonrated tax-exempt bonds in the United States. Among the buyers was Koch Financial, which held \$ 2.2 million in defaulted bonds and was bailed out by the Puerto Rico government." [Bond Buyer, 12/12/02]
- **The Puerto Rican Government "Bailed Out" Koch Finance Even Though They Claimed To Not Have "Direct Responsibility On This Debt."** According to the Bond Buyer, "Among the buyers was Koch Financial, which held \$ 2.2 million in defaulted bonds and was bailed out by the Puerto Rico government. 'Even though we don't have direct responsibility on this debt we are honoring it because we don't want to jeopardize the good faith of our investors,' said GDB [Government Development Bank] president Hector Mendez." [Bond Buyer, 12/12/02]

Koch Financial Had Legal Battles With Puerto Rican Government Over The AA Public Finance Bonds

June 2003: Koch Financial Corporation Filed A Breach Of Contract Complaint Against The Municipality Of Bayamon And The Government Development Bank For Puerto Rico. According to US District Court of Puerto Rico documents, on June 13, 2003, Plaintiff Koch Financial Corp. filed a complaint against Defendants The Municipality of Bayamon and the Government Development Bank for Puerto Rico, seeking \$810,000. [US District Court of Puerto Rico Documents via PACER, accessed 6/30/15]

June 2004: Koch Financial Corporation Filed A Fraud And Unjust Enrichment Suit Against The Government Of Puerto Rico And AA Public Finance Co, Inc. According to US District Court of Puerto Rico documents, on June 7, 2004, Koch Financial Corp filed suit against Government of Puerto Rico/Family Umbrella Department, AA Public Finance Co, Inc., Alvin F. Aguirre, his wife, Marilyn Gonzalez, and the Conjugal Community established between them, and/or their alter ego corporations and/or trusts, including, but not limited to, Inmobiliaria AA, Inc., Cross Border Leasing Co. Inc., Limited Funding Services, The Fideicomiso Aguirre Gonzalez via its Trustee Alvin F. Aguirre, and the currently unknown corporations, trusts, or other entities fictitiously named XYZ, seeking \$193,000. [US District Court of Puerto Rico Documents via PACER, accessed 6/30/15]

- **Koch Financial Corp Purchased A Lease Agreement Originally Entered Into Between AA Public Finance Co. And The Government Of Puerto Rico.** According to US District Court of Puerto Rico documents, “On or about May 18, 2000, the Government of Puerto Rico / Family Umbrella Department (hereinafter ‘Family Umbrella’) and AAPF purportedly entered into a ‘Government Lease Purchase and Option Agreement’ (‘Lease’) which was designated as Lease No. MPR 000508-A. *See* Lease with exhibits, Exhibit 1. 18. [...] Under the terms of the Lease, Koch Financial understood that it stood to gain \$76,818.21 in tax-exempt interest income. [...] On September 19, 2000, AAPF assigned all its interest in the purported Lease designated No. MPR 000508-A to Lehigh Municipal Leasing Corp. [...] Lehigh then assigned this Lease to Koch Financial and the assignment was recorded on December 19, 2000 by the Lehigh County Courthouse.” [US District Court of Puerto Rico Documents via PACER, accessed 6/30/15]
- **Koch Financial Stated Cause Of Action: The Puerto Rican “Family Umbrella” Department “Has Been Unjustly Enriched To Koch Financial’s Detriment.”** According to US District Court of Puerto Rico documents, “Because Koch Financial reimbursed the purchase of the Girard Manufacturing equipment and because Family Umbrella enjoys the use of equipment without fully paying for the equipment, Family Umbrellas has been unjustly enriched to Koch Financial’s detriment.” [US District Court of Puerto Rico Documents via PACER, accessed 6/30/15]

Koch Financial Corp Was Represented By Indiano & Williams. According to an archived version of the Indiano & Williams PSC website, “Representative Clients” included “Koch Financial, Scottsdale, Arizona.” [indianowilliams.com via archive.org, [4/27/03](#)]

- **In Koch Financial Corp. V. Government Of Puerto Rico Et Al., Koch Financial Corp Was Represented By David C. Indiano-Vicic.** [US District Court of Puerto Rico Documents via PACER, accessed 6/30/15]
- **Indiano & Williams Also Represented Banco Popular De Puerto Rico.** According to an archived version of the Indiano & Williams PSC website, “Representative Clients” included “Banco Popular de Puerto Rico.” [indianowilliams.com via archive.org, [4/27/03](#)]

Koch Financial Corporation Was A Subsidiary Of Koch Industries Which “Actively Manage[d] A Multi-Billion Dollar Portfolio Of” Municipal Bonds And Securities.

Koch Financial Corporation Was “An Indirect Subsidiary Of Privately Held Koch Industries, Inc.” According to Koch Financial Corporation’s website via archive.org, “Koch Financial Corporation is an indirect subsidiary of privately held Koch Industries, Inc.” [kochfinancial.com via archive.org, [6/2/09](#)]

Koch Financial Engaged In “Municipal Securities Trading” And Was “Engaged In Buying, Selling, Trading And Investing In Tax-Exempt Or Tax-Advantaged Assets.” According to Koch Financial Corporation’s website via archive.org, “Tax-Exempt and Tax-Advantaged Assets Koch Financial Corporation’s investment and trading group is engaged in buying, selling, trading and investing in tax-exempt or tax-advantaged assets. The group utilizes many of Koch Financial’s and Koch Industries’ wide-ranging origination channels and risk management capabilities to identify investment opportunities.

We employ various in-depth analytical tools and integrate our understanding of municipal markets to make sound investment decisions.” [kochfinancial.com via archive.org, [6/3/09](#)]

2015: Bond Holders And Pension Investors Tied To The Kochs Have Significant Holdings In Puerto Rican Bonds

KOCH DONORS ARE HEAVILY INVESTED IN PUERTO RICO

Wall Street Journal: Despite Economic Troubles, “Investors Have Flocked To” Puerto Rico’s “Bonds Because They Have Something Fund Managers Crave: They Pay High Interest Rates.” According to the Wall Street Journal, “Despite the territory's economic troubles—unemployment and debt levels are relatively high, and government pension funds are severely underfunded—investors have flocked to its bonds because they have something fund managers crave: They pay high interest rates. Certain Puerto Rico bonds sold this week carry an interest rate, or yield, of 5.32%, or about a 9% yield for some buyers after calculating the tax advantages. A comparable Treasury is yielding 3.10%.” [Wall Street Journal, [3/9/12](#)]

Koch Donor Ken Griffin Purchased Large Stake In Puerto Rico’s Banco Popular

Ken Griffin Attended The January/February 2014 Palm Springs Koch Brothers Donor Summit. According to Mother Jones, “Other heavy hitters slated for meetings with the Koch brothers or their representatives included Carl Berg, a Silicon Valley real estate tycoon worth \$1.1 billion; Ken Griffin, who founded the hedge fund Citadel and clocks in at No. 103 on the Forbes 400 (net worth, \$4.4 billion); John W. Childs, a top private-equity investor; and Fred Klipsch, the chairman of the headphone and speaker company Klipsch Group.” [Mother Jones, [2/5/14](#)]

Mother Jones Identified Ken Griffin As A Koch Donor. According to Mother Jones, “But last week, following the Kochs' first donor gathering of 2014, one attendee left behind a sensitive document at the Renaissance Esmeralda resort outside of Palm Springs, California, where the Kochs and their comrades had spent three days focused on winning the 2014 midterm elections and more. The document lists VIP donors—including John Schnatter, the founder of the Papa John's pizza chain—who were scheduled for one-on-one meetings with representatives of the political, corporate, and philanthropic wings of Kochworld. [...] DONORS [...] Ken Griffin: A major conservative donor, the Chicago-based businessman founded the hedge fund Citadel and is worth an estimated \$4.4 billion.” [Mother Jones, [2/5/14](#)]

Ken Griffin Was Scheduled To Meet With Charles Koch, Rich Fink, Marc Short And Mike Lanzara. According to a schedule of 1-on-1 meetings from the January 2014 Palm Springs Koch Donor Conference obtained by Mother Jones, Ken Griffin had a “PS14 on-site 1-on-1 Meeting” with Charles Koch, Rich Fink, Marc Short and Mike Lanzara with Location: Corfu at Monday 10:15 AM. [Mother Jones, [2/5/14](#)]

- **Mother Jones: “Michael Lanzara: A Former Director For Special Projects At Koch Companies Public Sector, Lanzara Now Works For Freedom Partners.”** According to Mother Jones, “Michael Lanzara: A former director for special projects at Koch Companies Public Sector, Lanzara now works for Freedom Partners.” [Mother Jones, [2/5/14](#)]
- **Rich Fink Was The Kochs’ “Top Strategist And Political Adviser.”** According to Mother Jones, “Richard Fink: He's the chairman and CEO of Koch Companies Public Sector and a board member of Koch Industries. A founder of the Mercatus Center and Americans for Prosperity, Fink is the Koch' top strategist and political adviser.” [Mother Jones, [2/5/14](#)]
- **Marc Short Was The Head Of Freedom Partners.** According to Mother Jones, “Marc Short: Short heads Freedom Partners, the centerpiece of the Koch brothers' political operation. Short is a former chief of staff of the House Republican Conference.” [Mother Jones, [2/5/14](#)]

Ken Griffin Purchased A Major Stake In Puerto Rico’s Popular Bank

Seeking Alpha: “Popular Has Some Hedge Fund Fans... Ken Griffin’s Citadel Investment Group Increased Its Position In The Bank By More Than 2 Million Shares Since The End Of The First Quarter.” According to Seeking Alpha, “Popular has some hedge fund fans. According to SEC filings, Ken Griffin's Citadel Investment Group increased its

position in the bank by more than 2 million shares since the end of the first quarter, giving the hedge fund 5.79 million shares.” [Seeking Alpha, [6/18/15](#)]

June 5, 2015: Ken Griffin’s Citadel Advisors And Popular, Inc. Filed A Schedule 13G To The SEC. [Popular, Inc. & Ken Griffin’s Citadel Advisors Schedule 13G, [6/5/15](#)]

- **Schedule 13Gs Represent A Required Public Statement Indicating Ownership Of Between 5% And 20% Of A Publicly Traded Stock.** According to Investopedia, “An SEC form similar to the Schedule 13D used to report a party's ownership of stock that is over 5% of the company. Schedule 13G is shorter and requires less information from the filing party. Ownership of over 5% in a publicly-traded stock is considered to be significant ownership, and therefore must be reported to the public. [...] To be able to file a 13G instead of a 13D, the party must own between 5% and 20% in the company. It must also be clearly understood that the party acquiring the stake in the company is only a passive investor, and does not intend to exert control.” [Investopedia, accessed [6/30/15](#)]

Citadel Advisors, LLC Owned 5,586,398 Shares Of Popular, Inc. Stock Worth 5.4% Of The Company. According to Popular, Inc. & Ken Griffin’s Citadel Advisors Schedule 13G filed with the SEC, “Citadel Advisors LLC (a) Citadel Advisors may be deemed to beneficially own 5,586,398 shares of common stock. (b) The number of shares Citadel Advisors may be deemed to beneficially own constitutes approximately 5.4% of the common stock outstanding.” [Popular, Inc. & Ken Griffin’s Citadel Advisors Schedule 13G, [6/5/15](#)]

Citadel Advisors Holdings III LP Owned 5,703,576 Shares Of Popular, Inc. Stock Worth 5.5% Of The Company. According to Popular, Inc. & Ken Griffin’s Citadel Advisors Schedule 13G filed with the SEC, “Citadel Advisors Holdings III LP (a) CAH3 may be deemed to beneficially own 5,703,576 shares of common stock. (b) The number of shares CAH3 may be deemed to beneficially own constitutes approximately 5.5% of the common stock outstanding.” [Popular, Inc. & Ken Griffin’s Citadel Advisors Schedule 13G, [6/5/15](#)]

Citadel GP LLC and Kenneth Griffin Owned 5,792,147 Shares Of Popular, Inc. Worth 5.6% Of The Company. According to Popular, Inc. & Ken Griffin’s Citadel Advisors Schedule 13G filed with the SEC, “Citadel GP LLC and Kenneth Griffin (a) CGP and Griffin may be deemed to beneficially own 5,792,147 shares of common stock. (b) The number of shares CGP and Griffin may be deemed to beneficially own constitutes approximately 5.6% of the common stock outstanding.” [Popular, Inc. & Ken Griffin’s Citadel Advisors Schedule 13G, [6/5/15](#)]

Ownership Stake Increased In August Quarterly Report

Citadel Advisors Quarterly Report Filed August 14, 2015: Citadel Held As Much As \$245,396,000 In Popular Inc. Stock. According to a quarterly report from Citadel Advisors, Citadel Advisors held 6,913,829 shares of “POPULAR INC CMN STK” worth \$199,533,000; held a call option on 1,500,000 shares of “POPULAR INC CMN STK” worth \$43,290,000; held a call option on 45,300 shares of “POPULAR INC CMN STK” worth \$1,307,000; held a put option on 18,300 shares of “POPULAR INC CMN STK” worth \$528,000; held 13,504 shares of “POPULAR INC CMN STK” worth \$390,000; and held 12,065 shares of “POPULAR INC CMN STK” worth \$248,000. [Citadel Advisors Quarterly Holdings Report via SEC.gov, [8/14/15](#)]

- **Quarterly Report Filed May 15, 2015: Citadel’s Ownership Stake In Popular, INC Was Worth As Much As \$131,776,000.** According to a quarterly report from Citadel Advisors, Citadel Advisors held 3,753,492 shares of “POPULAR INC CMN STK” worth \$129,083,000; held a put option on 40,700 shares of the same stock worth \$1,400,000; held a call option on 24,300 shares of the same stock worth \$836,000; and held 13,297 shares of the same stock worth \$457,000. [Citadel Advisors Quarterly Holdings Report via SEC.gov, [5/15/15](#)]

Invested In Other Puerto Rican Stocks

Citadel Advisors’ Quarterly Report Filed August 14, 2015: Citadel Held \$19,842,000 In Firstbank Bancorp/Puerto Rico Common Stock And An Additional \$1,230,000 In The Same Stock. According to a quarterly report from Citadel Advisors, Citadel Advisors held 4,116,700 shares of “FIRSTBANK BANCORP/PUERTO RICO CMN STK” Worth \$19,842,000 and 255,279 shares of “FIRSTBANK BANCORP/PUERTO RICO CMN STK” worth \$1,230,000. [Citadel Advisors Quarterly Holdings Report via SEC.gov, [8/14/15](#)]

Koch Donor Robert Mercer Held More Than \$2 Million In Shares Of Banco Popular In July, And More Than \$4 Million In August

Robert Mercer Of Renaissance Technologies Donated \$2,500,000 To Freedom Partners Action Fund – The Largest Donor Behind The Charles Koch Trust – On September 8, 2014. According to Open Secrets, Robert Mercer of Renaissance Technologies LLC contributed \$2,500,000 to Freedom Partners Action Fund on September 8, 2014. [Open Secrets, accessed [6/30/15](#)]

NASDAQ.Com: Renaissance Technologies Was A New Institutional Holder Of Popular, Inc. Stock As Of The March 31, 2015 Filing After Purchasing 72,200 Shares Worth \$2,084,000. According to NASDAQ.com's institutional holdings page for Popular Inc. (BPOP), New Institutional Holders included Renaissance Technologies LLC, with 72,200 shares held, with a value (in 1,000s) of \$2,084. [NASDAQ.com, accessed [7/1/15](#)]

August 14, 2015 Renaissance Technologies Quarterly Holding: Renaissance Technologies Owned 141,925 Shares Of “POPULAR INC” Worth \$4,096,000. According to a quarterly report from Renaissance Technologies, LLC, Renaissance Technologies LLC owned 141,925 shares of “POPULAR INC” worth \$4,096,000. [Renaissance Technologies, LLC Quarterly Holdings Report via SEC.gov, [8/14/15](#)]

Koch Donor Dick Weiss’ Fund Ranked Seventh Among Mutual Fund Owners OF Puerto Rican Municipal Bonds

Richard Weiss Of Wells Capital Management Contributed \$50,000 To Freedom Partners Action Fund On July 31, 2014. According to Open Secrets, Richard Weiss of Wells Capital Management Contributed \$50,000 To Freedom Partners Action Fund On July 31, 2014. [Open Secrets, accessed [6/30/15](#)]

Mother Jones Identified Dick Weiss As A Koch Donor. According to Mother Jones, “But last week, following the Kochs' first donor gathering of 2014, one attendee left behind a sensitive document at the Renaissance Esmeralda resort outside of Palm Springs, California, where the Kochs and their comrades had spent three days focused on winning the 2014 midterm elections and more. The document lists VIP donors—including John Schnatter, the founder of the Papa John's pizza chain—who were scheduled for one-on-one meetings with representatives of the political, corporate, and philanthropic wings of Kochworld. [...] DONORS [...] Dick Weiss: He's the Core Equity senior portfolio manager at Wells Capital Management.” [Mother Jones, [2/5/14](#)]

Dick Weiss Was Scheduled To Meet With Chris Fink. According to a schedule of 1-on-1 meetings from the January 2014 Palm Springs Koch Donor Conference obtained by Mother Jones, Dick Weiss had a “PS14 on-site 1-on-1 Meeting” with Chris Fink with Location: Meet in the Glo Lobby at Monday 11:30 AM. [Mother Jones, [2/5/14](#)]

- **Chris Fink Was Americans For Prosperity’s Vice President Of Development And Son Of The Kochs’ Top Political Strategist.** According to Mother Jones, “Chris Fink: He's Americans for Prosperity's vice president of development and the son of Richard Fink. [...] Richard Fink: He's the chairman and CEO of Koch Companies Public Sector and a board member of Koch Industries. A founder of the Mercatus Center and Americans for Prosperity, Fink is the Koch' top strategist and political adviser.” [Mother Jones, [2/5/14](#)]

Bloomberg: Wells Capital Management “Ranks Seventh Among Mutual-Fund Owners Of Puerto Rico Bonds.” According to Bloomberg, “There’s a point where there’s going to be value -- these securities aren’t worthless,” said Gabe Diederich, a research analyst at Wells Capital Management, which ranks seventh among mutual-fund owners of Puerto Rico bonds. It holds mostly insured debt. “We have been hearing more and more that traditional buyers have been looking at buying Puerto Rico again.” [Bloomberg, [5/26/15](#)]

Popular’s Stock Fell With Puerto Rico’s Governor’s Implications That Island Could Not Pay Its Debts

The Street Headline: “Popular (BPOP) Stocks Fall After Puerto Rico Governor’s Comments.” [The Street, [6/29/15](#)]

Shares Of Popular Fell 8.9% On June 29th Following Governor Alejandro Garcia Padilla’s Comments That The Puerto Rican Government Would Seek Significant Debt Relief. According to The Street, “Shares of Popular Inc. (BPOP - Get Report), a financial holding company, were falling 8.9% to \$30.01 on heavy trading volume Monday, after Puerto Rico

Governor Alejandro García Padilla's comments that the commonwealth cannot pay its debts. The commonwealth currently has about \$72 billion in debt, according to The New York Times. The governor and member of his staff said the commonwealth would likely seek significant concessions from its creditors which could include deferring debt payments for as many as five years or extending the repayment timetable." [The Street, [6/29/15](#)]

Popular's Stocks Further Fell 3.99% On June 30th In Response To The Governor's Remarks. According to The Street, "Shares of Popular Inc. (BPOP - Get Report) are falling by 3.99% to \$28.42 on heavy volume in mid-morning trading on Tuesday, as the San Juan-based bank and financial services company takes a hit as Puerto Rico says it cannot pay its \$72 billion debt. Speaking during a TV address on Monday the governor of the U.S. commonwealth, Alejandro Garcia Padilla, said his government's attempts at cutting expenditures and restructuring its debts have failed, USA Today reports." [The Street, [6/30/15](#)]

KOCH INDUSTRIES PENSION SYSTEM WORKS WITH FINANCIAL FIRMS INVESTED IN BANCO POPULAR

Russell Investment

Koch Companies Defined Benefit Master Trust Lists Russell Investment As A Service Provider. Information on Other Service Providers Receiving Direct or Indirect Compensation. [...] Russell Investment." [Koch Companies Defined Benefit Master Trust Annual Return/Report Employee Benefit Plan, 2013]

In 2014 A Russell Investments Representative Met With Popular Bank Advisors In Puerto Rico "To Discuss His General Outlook On The U.S. Economy, The Global Markets And The Investment Opportunities Available."

According to a press release from Popular Bank, "We're seeing stocks cheaper in the emerging markets than we've seen in a long period of time, and investors should at least be open to a more global, multi-asset, diversified portfolio than just focusing on what's going on in the U.S.," says Mark Eibel from Russell Investments. Developing countries, also known as the emerging markets, are becoming the driver of global growth. Of course, investors should bear in mind the additional risks emerging markets bring to an overall portfolio. 'Having at least some of your assets in a more globally diversified portfolio can be a good investment solution,' adds Eibel, who visited Puerto Rico recently to meet with Popular One advisors and clients to discuss his general outlook on the U.S. economy, the global markets and the investment opportunities available in emerging markets." [Popular Press Release, [6/20/14](#)]

Blackrock

Koch Companies Defined Benefit Master Trust Lists Blackrock Institutional Trust As A Service Provider. According to Koch Industries' employee benefit plan disclosure form, "Information on Other Service Providers Receiving Direct or Indirect Compensation. [...] Blackrock Institutional Trust Co." [Koch Companies Defined Benefit Master Trust Annual Return/Report Employee Benefit Plan, 2013]

Blackrock Institutional Trust Company Was The Tenth Largest Holder Of Popular, Inc. Shares With 2,562,165 Shares Worth \$73,944,000. According to NASDAQ.com's institutional holdings page for Popular Inc. (BPOP), Blackrock Institutional Trust Company, N.A. held 2,562,165 shares of Popular, Inc. (BPOP) stock with a value (in 1,000s) of 73,944 as of the March 31, 2015 filing. [NASDAQ.com, accessed [7/1/15](#)]

Blackrock Advisors, LLC Owned 333,885 Shares Of Popular, Inc. Stock Worth \$9,636,000. According to NASDAQ.com's institutional holdings page for Popular Inc. (BPOP), Blackrock Advisors LLC held 333,885 shares of Popular, Inc. (BPOP) stock with a value (in 1,000s) of 9,636 as of the March 31, 2015 filing. [NASDAQ.com, accessed [7/1/15](#)]

Blackrock Fund Advisors Owned 1,117,870 Shares Of Popular, Inc. Stock Worth \$32,262,000. According to NASDAQ.com's institutional holdings page for Popular Inc. (BPOP), held 1,117,870 shares of Popular, Inc. (BPOP) stock with a value (in 1,000s) of 32,262 as of the March 31, 2015 filing. [NASDAQ.com, accessed [7/1/15](#)]

Blackrock Group LTD Owned 47,979 Shares Of Popular, Inc. Stock Worth \$1,385,000. According to NASDAQ.com's institutional holdings page for Popular Inc. (BPOP), Blackrock Group LTD held 47,979 shares of Popular, INC. (BPOP) stock with a value (in 1,000s) of 1,385 as of the March 31, 2015 filing. [NASDAQ.com, accessed [7/1/15](#)]

Blackrock Inc. Owned 6,350 Shares Of Popular, Inc. Stock Worth \$183,000. According to NASDAQ.com's institutional holdings page for Popular Inc. (BPOP), as of the March 31, 2015 filing. Blackrock Inc held 6,350 shares of Popular, Inc. (BPOP) stock with a value (in 1,000s) of 183 as of the March 31, 2015 filing. [NASDAQ.com, accessed [7/1/15](#)]

Blackrock Investment Management, LLC Owned 87,860 Shares Of Popular, Inc. Stock Worth \$2,536,000. According to NASDAQ.com's institutional holdings page for Popular Inc. (BPOP), Blackrock Investment Management, LLC owned 87,860 shares of Popular, Inc. (BPOP) stock with a value (in 1,000s) of 2,536 as of the March 31, 2015 filing. [NASDAQ.com, accessed [7/1/15](#)]

All The Above Groups (With The Exception Of Parent Company Blackrock Inc.) Were Subsidiaries Of Blackrock, Inc. [sec.gov, [12/31/10](#)]

2015: The Koch Network Is Actively Engaged In The Debate Over Puerto Rico's Financial Crisis

KOCH-AFFILIATED ORGANIZATIONS ATTACKED THE PUERTO RICAN GOVERNOR AND THE POSSIBILITY OF PUERTO RICAN BANKRUPTCY THROUGH ADS AND PR CAMPAIGNS

American Future Fund

AFF Criticized Puerto Rico's Political Leadership For Being Hostile To Investors

American Future Fund Ran An Ad Which They Said "Calls Out Puerto Rico Governor Alejandro Garcia Padilla For Fostering A Culture Of Corruption That Resembles The Rogue Governments" Of Argentina And Venezuela.

According to the American Future Fund's website, "American Future Fund is running the following ad in Politico on Thursday and The Wall Street Journal on Friday. It calls out Puerto Rico Governor Alejandro García Padilla for fostering a culture of corruption that resembles the rogue governments of Argentina's Cristina Kirchner and Venezuela's Nicolás Maduro." [AmericanFutureFund.org, [9/11/14](#)]

- **The AFF Ad Included The Tagline: "Governor Padilla's Puerto Rico: Not A Safe Place To Invest."** The ad listed AFF's complaints about Governor Padilla fostering an environment that was hostile to outside investors, including "huge levels of debt," "destroying the rights of creditors," seizing a bank, attacking a credit rating agency, and presiding over corruption, leading to the tagline, "Governor Padilla's Puerto Rico: Not A Safe Place to Invest." [AmericanFutureFund.org, [9/11/14](#)]

60 Plus Association

60 Plus Ran An Ad Critical Of Both A Bailout And Chapter 9 Eligibility For Puerto Rico

60 Plus Took Out A Full Page Ad In Politico Against A \$64 Billion Bailout For Puerto Rico And Called Chapter 9 A "Bad Deal For Seniors" And A "Bad Deal For U.S. Taxpayers." According to Caribbean Business, "The 60 Plus Association, a U.S. mainland-based right-leaning organization representing more than 7.2 million seniors, recently launched a campaign urging the U.S. Congress to reject a \$164 billion bailout for Puerto Rico. It took out a full page advertisement in Politico that calls Chapter 9 a 'bad deal for seniors' and a 'bad deal for U.S. taxpayers.' The advertisement goes on to further state that extending Chapter 9 for Puerto Rico would 'unfairly change the rules in the middle of the game for millions of senior citizens and other pensioners and investors who have their life savings on the line.'" [Caribbean Business, [5/11/15](#)]

60 Plus Has Been Highly Critical Of Puerto Rico's Political Leadership

60 Plus: "Resident Commissioner Pedro Pierluisi And Governor Alejandro Garcia Padilla Have Teamed Up To Essentially Extort Congress." According to the 60 Plus Association's No Bailout for Puerto Rico webpage, "Resident Commissioner Pedro Pierluisi and Governor Alejandro Garcia Padilla have teamed up to essentially extort Congress, claiming

that Puerto Rico will need a \$164 billion bailout from Washington if Chapter 9 protection is not granted to the island.” [60plus.org/no-pr-bailout, accessed [6/30/15](#)]

60 Plus: “It’s Hard To Take Serious The Claims Of Puerto Rico’s Political Leadership Given Its Recent Track Record.” According to the 60 Plus Association’s No Bailout for Puerto Rico webpage, “But it is hard to take serious the claims of Puerto Rico’s political leadership given its recent track record:” [60plus.org/no-pr-bailout, accessed [6/30/15](#)]

60 Plus Repeatedly Voiced Concerns About Impact Of Declaring Bankruptcy On Investors

60 Plus: “A Bailout Will Hurt Seniors With Pensions Invested In Puerto Rican Securities.” According to a post from 60 Plus, “60 Plus has produced a fact-sheet outlining a host of options to address the U.S. territory’s financial maladies, and has been outspoken that a bailout will hurt seniors with pensions invested in Puerto Rican securities.” [Post via 60Plus.org, [4/29/15](#)]

60 Plus Chairman Jim Martin: “Congress Must Not Ask U.S. Taxpayers And Retirees To Bail Out Puerto Rico. It Is Not Only Unfair But Also Unnecessary.” According to Caribbean Business, “The associations chairman and founder, Jim Martin, said: ‘Congress must not ask U.S. taxpayers and retirees to bail out Puerto Rico. It is not only unfair but also unnecessary.’” [Caribbean Business, [5/11/15](#)]

Martin: “A Declaration Of Bankruptcy Would Mean Significant Losses For Senior Citizens, Pensioners And Hard-Working Americans Looking Forward To Retirement.” According to a statement from 60 Plus Chairman Jim Martin in Caribbean Business, “A declaration of bankruptcy would mean significant losses for senior citizens, pensioners and hard-working Americans looking forward to retirement.” [Caribbean Business, [5/11/15](#)]

60 Plus Advocated For Puerto Rico To Negotiate With Bondholders Rather Than Be Allowed To Go Through Bankruptcy

Martin: “Instead Of Rewriting U.S. Law To Make It Easier For Puerto Rico To Unilaterally Walk Away From Its Debt, Congress Should Insist Puerto Rico Use Options It Already Has To Pay Its Bills.” According to a statement from 60 Plus Chairman Jim Martin in Caribbean Business, “Instead of rewriting U.S. law to make it easier for Puerto Rico to unilaterally walk away from its debt, Congress should insist Puerto Rico use options it already has to pay its bills and get its financial house in order.” [Caribbean Business, [5/11/15](#)]

- **60 Plus: “Puerto Rico Could Negotiate With Its Bondholders, Municipalities And Hotels Could Pay For Their Electricity Use And The Puerto Rico Electric Power Authority... Could Take Advantage Of The Fall In Oil Prices.”** According to Caribbean Business, “The [60 Plus] association said in a statement that ‘Puerto Rico has options. For starters, Puerto Rico could negotiate with its bondholders, municipalities and hotels could pay for their electricity use and the Puerto Rico Electric Power Authority [Prepa] could take advantage of the fall in oil prices, which saves it \$1 billion per year.’” [Caribbean Business, [5/11/15](#)]
- **60 Plus: “Over The Long-Term, Imposition Of A Control Board, Similar To The One Created For The District Of Columbia 20 Years Ago, Could Propel Governmental Reforms And Impose Fiscal Discipline To Puerto Rico.”** According to Caribbean Business, “The [60 Plus] association said in a statement that ‘Puerto Rico has options. For starters, Puerto Rico could negotiate with its bondholders, municipalities and hotels could pay for their electricity use and the Puerto Rico Electric Power Authority [Prepa] could take advantage of the fall in oil prices, which saves it \$1 billion per year. Over the long-term, imposition of a control board, similar to the one created for the District of Columbia 20 years ago, could propel governmental reforms and impose fiscal discipline to Puerto Rico that is long-overdue.’” [Caribbean Business, [5/11/15](#)]

60 Plus Criticized Jeb Bush For His Stance In Support Of A Puerto Rican Bailout That Harmed Creditors.

60 Plus “Opposed Former Florida Governor Jeb Bush’s Decision To Endorse A Bailout Scheme Allowing Puerto Rico To Avoid \$164 Billion Dollars In Debt At The Expense Of American Taxpayers And Seniors.” According to a post from 60 Plus, “The 60 Plus Association, the nation’s largest center-right senior advocacy organization with over 7.2 million senior supporters nationwide, today opposed former Florida Governor Jeb Bush’s decision to endorse a bailout scheme allowing Puerto Rico to avoid \$164 billion dollars in debt at the expense of American taxpayers and seniors.” [Post via 60Plus.org, [4/29/15](#)]

- **60 Plus Chair Jim Martin: “We Could Not Believe More Strongly That A Chapter 9 Solution For Puerto Rico... Will Be Quite Damaging To Seniors, To Taxpayers, And The Future Of State And Municipal Financial Management.”** According to a post from 60 Plus, “Said 60 Plus Chairman Jim Martin, ‘We have a great deal of respect for Jeb Bush, his accomplishments as Governor, his leadership on national issues, and as a public servant working to bring people together, unite us as a nation, and work for bi-partisan solutions on a host of issues. However we could not believe more strongly that a Chapter 9 solution for Puerto Rico is no solution at all, and will be quite damaging to seniors, to taxpayers, and the future of state and municipal financial management.’” [Post via 60Plus.org, [4/29/15](#)]
- **Martin On Jeb Bush’s Endorsement Of A Puerto Rico Bailout: “There Are Better Ways To Address The Financial Crisis Currently Gripping Puerto Rico And Its People.”** According to a statement from 60 Plus Chairman Jim Martin on Jeb Bush’s endorsement of a Puerto Rico bailout in a post from 60 Plus, “‘There are better ways to address the financial crisis currently gripping Puerto Rico and its people that don’t call on taxpayers to fund yet another bailout that will add to our nation’s mountainous public debt obligation. There are better solutions that will require the leaders of Puerto Rico to finally address long intractable mismanagement problems. We strongly believe these options must be considered first before the words ‘Chapter 9’ are ever mentioned.’” [Post via 60Plus.org, [4/29/15](#)]

60 Plus Pressured House Judiciary Chair Goodlatte Against Supporting Legislation Allowing A Chapter 9 Filing For Puerto Rico

60 Plus: “We Can Only Hope” That House Judiciary Committee Chairman Bob Goodlatte “Understands The Inappropriateness” Of The Chapter 9 Bailout “As A Policy Solution For Puerto Rico’s Ills.” According to a web post from 60 Plus, “It was good to see House Judiciary Committee Chairman Bob Goodlatte, R-VA, taking some time this past weekend to learn first-hand about Puerto Rico’s financial incompetence. We can only hope his non-committal to pressing ahead with a Chapter 9 bailout is a sign he understands the inappropriateness of this as a policy solution for Puerto Rico’s ills.” [60Plus.org, [5/28/15](#)]

- **60 Plus On Puerto Rico: “Chapter 9 Applies To A Fraction – \$24 Billion – Of The Island’s Whopping \$73 Billion Debt.”** According to a web post from 60 Plus, “Backers of the bill (H.R. 870), including Resident Commission Pedro Pierluisi and Gov. Alejandro Garcia Padilla, both Democrats, have asserted that bankruptcy protection is the only way to address the Island’s debts even though Chapter 9 applies to a fraction – \$24 billion – of the Island’s whopping \$73 billion debt.” [60Plus.org, [5/28/15](#)]

60 Plus Is Advocating Puerto Rico Work With Creditors To Find A Solution That Doesn’t Harm Investors

60 Plus: “Puerto Rico Should Negotiate With Creditors And Commit To Serious Reforms That Will Allow The Island’s Public Corporations And Central Government To Get Back On Solid Footing.” According to a web post from 60 Plus, “There’s a better way forward: Puerto Rico should negotiate with creditors and commit to serious reforms that will allow the Island’s public corporations and central government to get back on solid footing and be run with competence and accountability in the years to come.” [60Plus.org, [5/28/15](#)]

60 Plus: “A Bailout Would Involve Shredding Commitments To Investors, Including American (And Puerto Rican) Seniors And Pensioners Looking Forward To Retirement.” According to a web post from 60 Plus, “A bailout would involve shredding commitments to investors, including American (and Puerto Rican) seniors and pensioners looking forward to retirement, and putting taxpayers on the hook for Puerto Rico’s past mistakes.” [60Plus.org, [5/28/15](#)]

60 Plus: “60 Plus Along With A Cadre Of Experts Have Consistently Maintained Puerto Rico’s Best Hopes Rest In Making Comprehensive, Structural Reforms In How The Island Is Governed.” According to a post from the 60 Plus Association, “60 Plus along with a cadre of experts have consistently maintained Puerto Rico’s best hopes rest in making comprehensive, structural reforms in how the island is governed and how its finances are managed. A declaration of debt-avoidance through Chapter 9 and the inevitable bailout that would follow is not a solution.” [60 Plus Association, [6/4/15](#)]

60 Plus: “There Is No Fairness In Having U.S. Taxpayers And Retirees... Pick Up The Tab For Failures Of Puerto Rico’s Political Governance.” According to a post from the 60 Plus Association, “As we have made clear, there no fairness in having U.S. taxpayers and retirees, pensioner pick the tab for failures of Puerto Rico’s political governance. There is no

solution in abandoning the Island's debt obligations if the same misguided policies continue in perpetuity." [60 Plus Association, [6/4/15](#)]

60 Plus Has Been Criticized Previously For Working With Hedge Fund Interests

National Housing Conference: "The 60 Plus Association, Along With Hedge Funds" Were "Offering Misleading Information" Attacking Bipartisan Housing Finance Reform Legislation. According to a press release from the National Housing Conference, "Recent attack ads from the 60 Plus Association use scare tactics to get in the way of the housing finance reform that we need to create housing opportunities for Americans. The ads attack senators who have supported the Senate Banking Committee's bipartisan legislative proposal from Chairman Johnson and Ranking Member Crapo, which winds down Fannie Mae and Freddie Mac and lays out a path to a new, stronger housing finance system that combines a necessary government backstop with regulation and competitive private capital participation all aiming to provide broad access to affordable homeownership and rental homes. The 60 Plus Association, along with hedge funds and other third party groups who have shown little other interest in housing, is offering misleading information and comparisons in an effort to derail this bipartisan reform effort that has been years in the making. These same hedge funds have recently speculated in Fannie Mae and Freddie Mac stock, and they could reap massive profits by keeping the housing finance system in its current state of limbo." [National Housing Conference Press Release, [4/7/14](#)]

60 Plus Created A "Main Street Bondholders" Group To Advocate For A Control Board And Against Chapter 9 For Puerto Rico

60 Plus Started "Main Street Bondholders," A Small Coalition Of Ordinary Investors From Puerto Rico And The U.S. Mainland Who Have Puerto Rican Bond Savings That Are Threatened By Gov. Alejandro Garcia Padilla's Agenda. According to a 60 Plus Press Release accessed via PR Newswire, "Today The 60 Plus Association announced the formation of 'Main Street Bondholders,' a new small bondholder coalition made up of ordinary investors from Puerto Rico and the United States mainland who hold retirement, college and life savings in Puerto Rican bonds. These investments are threatened by Governor Alejandro Garcia Padilla's recent statements that he would refuse to honor Puerto Rico's debts." [60 Plus Press Release accessed via PR Newswire, [8/27/15](#)]

- **The Goals Of Main Street Bondholders Are Protecting Investments "And Pushing For A Financial Control Board For The U.S. Commonwealth."** According to Reuters, "A group representing individual investors holding Puerto Rico debt launched on Wednesday, with the goal of protecting their investments and pushing for a financial control board for the U.S. commonwealth, among other measures. The group, the Main Street Bondholders Coalition, formed by the 60 Plus Association, an elderly rights group that promotes less government involvement in senior issues, has several thousand people on its contact list, said 60 Plus spokesman Gerry Scimeca." [Reuters, [8/26/15](#)]

60 Plus VP Matthew Kandrach: The Governor And His Circle Of Advisors Have "Manufactured A Crisis To Get Washington's Help In Their Plan To Stiff Creditors." According to a 60 Plus Press Release accessed via PR Newswire, "Kandrach continued, "Puerto Rico can fix its problems, but fixing Puerto Rico needs to start with fiscal reform, not punishing creditors. The Governor and his circle of advisors, who are the same bunch representing deadbeat sovereigns like Argentina, have chosen to manufacture a crisis in order to get Washington's help in their plan to stiff creditors. Congress must not allow that to happen. Puerto Rico would benefit from a fiscal control board, just like the District of Columbia had in the 1990s when it faced financial crisis. Congress must also oppose the Governor's plan to restructure Puerto Rico's constitutional bonds. Allowing him to do so would set a terrible precedent, and open a Pandora's box of other state defaults. No retirement account in America would be safe." [60 Plus Press Release accessed via PR Newswire, [8/27/15](#)]

The Main Street Bondholders Coalition Is "Against Puerto Rico Accessing U.S. Bankruptcy Laws." According to Reuters, "The Main Street Bondholders Coalition is also against Puerto Rico accessing U.S. bankruptcy laws, an option that has been introduced in the House and Senate." [Reuters, [8/26/15](#)]

60 Plus "Launched The GM Main Street Bondholders Coalition" In 2009 To "Call Attention To Small Bondholders Who Were Not Given A Voice Throughout The General Motors Bankruptcy Negotiation Process." According to a press release from the 60 Plus Association, "The 60 Plus Association has a history of uniting and providing a platform for small bondholders. In 2009, 60 Plus launched the GM Main Street Bondholders Coalition that was dedicated to call attention to small bondholders who were not given a voice throughout the General Motors bankruptcy negotiation process." [60 Plus Association Press Release, [8/31/15](#)]

60 Plus's Main Street Bondholders Tweet: "Puerto Rico Would Benefit From A Fiscal Control Board, Just Like DC Had In The 1990s." [Main St Bondholders – Twitter, [9/1/15](#)]

60 Plus's Main Street Bondholders Tweet: "We Speak For The People Who Are Being Impacted By The Governor's Policies." [Main St Bondholders – Twitter, [8/31/15](#)]

LIBRE Initiative

LIBRE Policy Director Jorge Lima: "No Solution" For Puerto Rico Will Provide "More Than Temporary Relief If They Do Not To Address The Issues At The Root -- Overspending, Corruption, And Poor Management Of Government Aid And Subsidies." According to a press release from the LIBRE Initiative, "Jorge Lima, Policy Director for The LIBRE Initiative released, the following statement: [...] 'Puerto Rico is an example of how big government spending, higher taxes, and growing government dependency have driven the economy into a hole. As we are seeing with the government of Greece, no solution will provide anything more than temporary relief if they do not to address the issues at the root -- overspending, corruption, and poor management of government aid and subsidies. These irresponsible government policies can't be ignored as leaders in Puerto Rico and Washington debate a range of options going forward.'" [LIBRE Initiative Press Release, [6/30/15](#)]

LIBRE Initiative Criticized The Puerto Rican Debt Crisis's Impact on Mutual Funds

LIBRE: The Governor Of Puerto Rico "Is Calling For Puerto Rico's Creditors - Who Have Loaned The Island \$72 Billion, And Who Include Many Mutual Funds And Other U.S. Investors - To Negotiate With The Island Government." According to a press release from the LIBRE Initiative, "In the wake of a report by the International Monetary Fund confirming the unsustainable public debt in the Commonwealth of Puerto Rico - a U.S. territory - the Governor has declared that that debt is 'not payable.' He is calling for Puerto Rico's creditors - who have loaned the island \$72 billion, and who include many mutual funds and other U.S. investors - to negotiate with the island government. Millions of Americans who call Puerto Rico home face an extremely uncertain future as policymakers attempt to chart a course forward. Millions of mainland Americans, either directly or indirectly through their mutual funds, have bought Puerto Rican bonds, and will also be affected by these decisions." [LIBRE Initiative Press Release, [6/30/15](#)]

LIBRE: "Millions Of Mainland Americans, Either Directly Or Indirectly Through Their Mutual Funds, Have Bought Puerto Rican Bonds, And Will Also Be Affected By These Decisions." According to a press release from the LIBRE Initiative, "In the wake of a report by the International Monetary Fund confirming the unsustainable public debt in the Commonwealth of Puerto Rico - a U.S. territory - the Governor has declared that that debt is 'not payable.' He is calling for Puerto Rico's creditors - who have loaned the island \$72 billion, and who include many mutual funds and other U.S. investors - to negotiate with the island government. Millions of Americans who call Puerto Rico home face an extremely uncertain future as policymakers attempt to chart a course forward. Millions of mainland Americans, either directly or indirectly through their mutual funds, have bought Puerto Rican bonds, and will also be affected by these decisions." [LIBRE Initiative Press Release, [6/30/15](#)]

Cato Institute

Cato Criticized Puerto Rico's Political Leadership And A Potential Bankruptcy

Cato Institute Budget Analyst Nicole Kaeding: Bailing Out Puerto Rico Would "Reward Puerto Rican Policymakers For Their Years Of Irresponsible Choices." According to a blog post by Cato Institute budget analyst Nicole Kaeding for Cato's Cato At Liberty blog, "A larger challenge for Puerto Rico is that federal bankruptcy code prevents the island (and states) from filing bankruptcy. That gives Puerto Rico two choices. It can continue to work out a deal with creditors to refinance its outstanding debts, or it could push Congress to provide some sort of bailout. The idea of state bailouts was discussed some in Congress in 2010 and 2011 as state budgets struggled to handle the effects of the Great Recession. The idea is just as bad now as it was then. Providing a bailout would reward Puerto Rican policymakers for their years of irresponsible choices and should be a non-starter in Congress." [Cato.org/blog, [6/29/15](#)]

- **Kaeding: Puerto Rico Should "Limit Its Spending" To Solve Its Debt Problems.** According to a blog post by Cato Institute budget analyst Nicole Kaeding for Cato's Cato At Liberty blog, "The idea of state bailouts was discussed some in Congress in 2010 and 2011 as state budgets struggled to handle the effects of the Great Recession.

The idea is just as bad now as it was then. Providing a bailout would reward Puerto Rican policymakers for their years of irresponsible choices and should be a non-starter in Congress. Instead, Puerto Rico should continue to limit its spending to help lower its outstanding debt obligations. It will be an incredibly tough road to manage, but that is the cost of years of mismanagement and failing to acknowledge the realities of the island's fiscal situation.”
[Cato.org/blog, [6/29/15](#)]

The Kochs Previously Fought With Puerto Rico Over Doral Bank

DORAL BACKGROUND

Doral Financial Declared Bankruptcy After Failed Negotiations And Court Battles In Puerto Rico

March 12, 2015: Doral Financial Corp Filed for Bankruptcy. According to the Wall Street Journal, “Doral Financial Corp., whose primary asset was a bank that failed in Puerto Rico in late February, has filed for bankruptcy protection with a plan to wind down its businesses.” [Wall Street Journal, [3/12/15](#)]

WSJ: “Doral Bank “Was Closed In Puerto Rico By Regulators And Sold To Banco Popular De Puerto Rico In Late February After Years Of Financial Blunders Including Improper Accounting.” According to the Wall Street Journal, “The company’s banking unit, Doral Bank, was closed in Puerto Rico by regulators and sold to Banco Popular de Puerto Rico in late February after years of financial blunders including improper accounting. With \$5.9 billion in assets, the bank’s failure in February was the largest in the U.S. since 2010.” [Wall Street Journal, [3/12/15](#)]

WSJ: “Unlike U.S. Cities... Puerto Rico’s Government Agencies Are Barred From Using Chapter 9... To Deal With Their Debt Obligations.” According to the Wall Street Journal, “Unlike U.S. cities like Detroit and Stockton, Calif., which restructured their debts by filing for bankruptcy, Puerto Rico’s government agencies are barred from using chapter 9—the part of the bankruptcy code dealing with municipal restructurings—to deal with their debt obligations.” [Wall Street Journal, [3/12/15](#)]

WSJ: “Bonds Issued By Government Energy, Water And Highway Agencies Are Widely Held By Mutual Funds And Individuals Because Of Their Tax Advantages, And Some Investors Fear The Island’s Problems Could Result In Defaults.” According to the Wall Street Journal, “Bonds issued by government energy, water and highway agencies are widely held by mutual funds and individuals because of their tax advantages, and some investors fear the island’s problems could result in defaults.” [Wall Street Journal, [3/12/15](#)]

WSJ: “Last Month An Appeals Court Ruling That Rejected Doral’s Claim To A \$229 Million Tax Refund, Overturning A Lower Court Decision To Grant The Money To The Bank.” According to the Wall Street Journal, “While Puerto Rico has recently sought to get a handle on finances, Doral has struggled for years. The bank’s history includes improper accounting, a recapitalization and two reverse stock splits. Last month an appeals court ruling that rejected Doral’s claim to a \$229 million tax refund, overturning a lower court decision to grant the money to the bank. That followed a January directive from the FDIC to have an adequate capital plan within 30 days.” [Wall Street Journal, [3/12/15](#)]

2014: KOCH BROTHERS USED THEIR NETWORK TO ATTACK PUERTO RICAN GOVERNMENT OVER RULINGS AGAINST DORAL BANK

Wall Street Journal Headline: “Small Bank Aims Big Guns At Puerto Rico” [Wall Street Journal, [10/1/14](#)]

WSJ: “As Puerto Rico Governor Alejandro Garcia Padilla Grappled With Economic Crisis This Summer, He Received A Stream Of Letters From” U.S. Representatives Which “Attacked His Treatment” Of Doral. According to the Wall Street Journal, “As Puerto Rico Governor Alejandro Garcia Padilla grappled with economic crisis this summer, he received a stream of letters from the U.S. House of Representatives. But the Congressmen who wrote to Mr. Padilla didn’t address Puerto Rico’s shaky finances. Instead they attacked his treatment of a small local bank, Doral Financial Corp.”

Following Doral’s Battles With The Puerto Rican Government, American Future Fund, “A Koch-Funded Organization With No Obvious Ties To Doral Or Puerto Rico” Started Attacking The Puerto Rican Government

National Hispanic Foundation For The Arts' Gretchen Sierra-Zorita: After Negotiations For A Tax Refund Broke Down Between Doral And The Government, "The Response By The American Future Fund (AFF), A Koch-Funded Organization With No Obvious Ties To Doral Or Puerto Rico, Was Fast And Furious." According to an opinion by public policy, outreach and advocacy specialist for the National Hispanic Foundation for the Arts, Gretchen Sierra-Zorita for Fox News Latino, "The campaign started last summer when negotiations over a \$230 million tax refund broke down between the Puerto Rican government and Doral Financial Corporation, a local bank that has not posted a profit since 2005. The response by the American Future Fund (AFF), a Koch-funded organization with no obvious ties to Doral or Puerto Rico, was fast and furious. The AFF ran ads in The Wall Street Journal and Politico likening Governor Garcia Padilla to presidents Kirchner of Argentina and Maduro of Venezuela, both heads of dysfunctional economies." [Gretchen Sierra-Zorita – Fox News Latino, [12/2/14](#)]

AFF Launched A "Series Of Attack Ads" Alleging That "Corruption And Drug Trafficking Had Increased" Under Puerto Rico Governor Alejandro Garcia Padilla In Midst Of Trial Between A Small Local Bank And Puerto Rico. According to The Wall Street Journal, "As Puerto Rico Governor Alejandro Garcia Padilla grappled with economic crisis this summer, he received a stream of letters from the U.S. House of Representatives. But the Congressmen who wrote to Mr. Padilla didn't address Puerto Rico's shaky finances. Instead they attacked his treatment of a small local bank, Doral Financial Corp. The campaign started June 11 when Doral hired former Republican Congressman Connie Mack IV to lobby Congress for help fighting Puerto Rico over a disputed \$229 million tax refund. [...] the American Future Fund, or AFF, a campaign-finance group, launched a series of attack ads culminating in an ad alleging that corruption and drug trafficking had increased under Mr. Padilla. The personal attack on Mr. Padilla came as the legal suit Doral filed against Puerto Rico went to trial last month." [Wall Street Journal, [10/1/14](#)]

Sierra-Zorita: The Defamation Campaign Continued With "High-Profile Ads" Accusing Governor Padilla Of "Running A Corrupt Rogue Government" And Transforming Puerto Rico "Into A Major Drug Transit Point." According to an opinion by public policy, outreach and advocacy specialist for the National Hispanic Foundation for the Arts, Gretchen Sierra-Zorita for Fox News Latino, "The defamation campaign continued into the fall. High-profile ads accused Garcia Padilla of running a corrupt rogue government that violates the U.S. constitution and has transformed Puerto Rico into a major drug transit point. These allegations might resonate with an uninformed American audience but they are not true." [Gretchen Sierra-Zorita – Fox News Latino, [12/2/14](#)]

- **Puerto Rico Public Affairs Secretary Jorge Colberg Called The Ad "False And Racist And Said It Was Aimed At Influencing" Doral's Legal Battle With The Government.** According to The Wall Street Journal, "[Puerto Rico Public Affairs Secretary Jorge] Colberg called the ad false and racist and said it was aimed at influencing Doral's trial. 'Why don't they fight the issue out in court instead of in the political arena?' he asked. Mr. Glassman and officials for the American Future Fund didn't respond to requests for comment." [Wall Street Journal, [10/1/14](#)]

Rep. Luis Gutierrez: "Doral Is Having A Tantrum Demanding That The People Of Puerto Rico Give Them A Tax Refund On Taxes It Never Paid...American Future Fund Is Coordinating An Aggressive And Misleading Press Strategy." According to an opinion by Rep. Luis V. Gutierrez on Fox News Latino's website, "Doral was charged by the Securities and Exchange Commission for fraud and apparently understated its debts and overstated its earnings to its stockholders and the general public. Doral is having a tantrum demanding that the people of Puerto Rico give them a tax refund on taxes it never paid. They literally want the good people of Puerto Rico to pay for Doral Financial's mistakes. [...] The Tea Party-linked American Future Fund is coordinating an aggressive and misleading press strategy with help from the DCI Group, Robert Shapiro and others. There have been a slew of inaccurate accusations launched in press releases, letters to the editor, and op-ed pieces written to support the bank's campaign that have been documented by outlets outlets such as Open Secrets, Politico, the Wall Street Journal and Huffington Post." [Luis V. Gutierrez – Latino.FoxNews.com, [12/22/14](#)]

- **Rep. Gutierrez: Doral Financial's "Malicious Campaign Against The People Of Puerto Rico...Includes Ads That Draw Sensationalist Comparisons To Governments In Argentina And Venezuela Produced By The American Future Fund."** According to an opinion by Rep. Luis V. Gutierrez on Fox News Latino's website, "Doral Financial is spearheading a malicious campaign against the people of Puerto Rico, orchestrating defamatory advertising and other paid media efforts to mislead people about the Island and inflame taxpayers. This is being carried out in part by a number of unscrupulous Washington, D.C. consultants and Tea Party Super PACs. [...] The bank's greedy tantrum includes ads that draw sensationalist comparisons to governments in Argentina and Venezuela produced by the American Future Fund, which is described by Open Secrets.org as 'A politically active nonprofit that

spent more than \$25 million on ads to help Republicans in the 2012 elections.” [Luis V. Gutierrez – Latino.FoxNews.com, [12/22/14](#)]

National Hispanic Foundation for the Arts’ Gretchen Sierra-Zorita: A Group With Koch Ties Has “Launched An Aggressive Disinformation Campaign To Discredit The Puerto Rican Government.” According to an opinion by public policy, outreach and advocacy specialist for the National Hispanic Foundation for the Arts, Gretchen Sierra-Zorita for Fox News Latino, “A third group, with ties to the conservative Koch brothers, has taken a radically different approach. They have launched an aggressive disinformation campaign to discredit the Puerto Rican government. The objective is to pave the way for Federal action should Puerto Rico refuse to pay its creditors by equating it to a semi-foreign rogue state.” [Gretchen Sierra-Zorita – Fox News Latino, [12/2/14](#)]

Doral Had Political Ties To AFF And The Koch Network

Sierra-Zorita: A Managing Partner Of Doral’s PR Firm, DCI Group, Was An American Future Fund Donor.

According to an opinion by public policy, outreach and advocacy specialist for the National Hispanic Foundation for the Arts, Gretchen Sierra-Zorita for Fox News Latino, “Doral and its public relations firm, the DCI Group, claim to have no AFF [American Future Fund] ties. Yet DCI’s managing partner, Justin Peterson, is an AFF donor. DCI has contracted former Republican Congressman Connie Mack to lobby on behalf of Doral.” [Gretchen Sierra-Zorita – Fox News Latino, [12/2/14](#)]

Puerto Rico House Of Representatives Member Luis Vega Ramos: “The Links Between Doral And AFF Have Become Clear To Us.” According to Open Secrets, “DCI is well-known in GOP circles and to AFF, which previously contracted with a fundraising firm run by a former top executive at DCI. ‘The links between Doral and AFF have become clear to us,’ said Luis Vega Ramos, a member of the Puerto Rico House of Representatives, who accused Doral and its surrogates of ‘trying to prevail through the dissemination of false information’ about the commonwealth.” [Open Secrets, [9/12/14](#)]

AFF Was A Koch-Network Entity

Opensecrets: AFF “Received Almost All Its 2012 Funding -92 Percent – From Two Groups That Were Hubs Of The Network Of 501(C) Organizations Closely Linked To The Conservative Billionaire Koch Brothers.” According to OpenSecrets, “AFF is not required to disclose the names of its donors. But IRS documents filed by it and other organizations showed that it received almost all its 2012 funding — 92 percent — from two groups that were hubs of the network of 501(c) organizations closely linked to the conservative billionaire Koch brothers: The Center to Protect Patient Rights provided \$49.2 million of AFF’s \$67.9 million in income that year, while Freedom Partners Chamber of Commerce gave another \$13.6 million.” [Open Secrets, [9/12/14](#)]

Five Former Or Current Republican Congressmen With No Previous Involvement In Puerto Rico Became Involved; Each Of The Five Had Koch Industries PAC Contributions

Sierra-Zorita: Five Current And Former Republican Congressmen “Have Inquired About The Doral Case” – “All Five Have Received Koch Industries PAC Contributions And None Had Been Previously Involved In Puerto Rico.” According to an opinion by public policy, outreach and advocacy specialist for the National Hispanic Foundation for the Arts, Gretchen Sierra-Zorita for Fox News Latino, “DCI has contracted former Republican Congressman Connie Mack to lobby on behalf of Doral. Since Mack came on board, Republican congressmen Jeff Duncan, Scott Garret, Darrell Isa and Matt Salmon have inquired about the Doral case. All five have received Koch Industries PAC contributions and none had been previously involved in Puerto Rico. There are only two democrats among Doral’s active supporters.” [Gretchen Sierra-Zorita – Fox News Latino, [12/2/14](#)]

Following AFF’s Example, The Hispanic Leadership Fund – Another Koch-Backed Organization With AFF Ties – Also Became Involved In The Case

Sierra-Zorita: The Hispanic Leadership Fund, “Which Has Received Koch Funding Through One Of Their Intermediary Organizations, Joined The Fray” In October By Comparing Gov. Padilla To Fidel Castro. According to an opinion by public policy, outreach and advocacy specialist for the National Hispanic Foundation for the Arts, Gretchen Sierra-Zorita for Fox News Latino, “In October a San Juan court ruled in favor of Doral on the tax dispute. The government filed an appeal. The Hispanic Leadership Fund, which has received Koch funding through one of their intermediary

organizations, joined the fray, comparing Garcia Padilla to Cuba's [Fidel] Castro." [Gretchen Sierra-Zorita – Fox News Latino, [12/2/14](#)]

Sierra-Zorita: “Many Puerto Ricans Believe” The Lawsuit Stems From A Partisan Feud Between Current Governor Padilla And Former Governor Luis Fortuño, Who “Is Also Tied To The Koch Network As A Hispanic Leadership Fund Board Member.” According to an opinion by public policy, outreach and advocacy specialist for the National Hispanic Foundation for the Arts, Gretchen Sierra-Zorita for Fox News Latino, “Many Puerto Ricans believe the Doral lawsuit stems from a partisan dispute between current Governor Garcia Padilla, head of the pro-Commonwealth party and a Democrat, and former Governor Luis Fortuño, statehood supporter and prominent Republican. The Garcia Padilla government maintains that the \$230 million tax refund agreed to during Fortuño's administration was based on misrepresentation. Fortuño's Treasury Secretary is currently a top Doral official. Fortuño is also tied to the Koch network as a Hispanic Leadership Fund board member.” [Gretchen Sierra-Zorita – Fox News Latino, [12/2/14](#)]

The Hispanic Leadership Fund Received \$692,000 From The Center To Protect Patient Rights Between 2010 And 2012, As Well As \$20,000 From The American Future Fund In 2012. According to tax documents from the Center to Protect Patient Rights and the American Future Fund, CPPR donated \$692,000 to the Hispanic Leadership Fund between 2010 and 2012, and AFF donated \$20,000 to the Hispanic Leadership Fund in 2012. [Center to Protect Patient Rights & American Future Fund Forms 990 via Conservative Transparency, [accessed 6/29/15](#)]

LIBRE Initiative's Daniel Garza Was On The Executive Committee Of The Hispanic Leadership Fund. According to a bio on the Hispanic Leadership Committee's Executive Committee page, “Daniel Garza, a former White House staffer who served in the Bush Administration also worked as a co-producer and host of Agenda Washington, a Spanish language news/interview weekly television program that covered state, economic, political and social issues impacting the U.S. Hispanic community airing on the Univision television network. Daniel served as a former Congressional Staff Assistant for U.S. Congressman Richard ‘Doc’ Hastings before being elected as Councilman for the City of Toppenish, Washington in 1996. Daniel was then appointed in 2001 by the Bush Administration to serve as Deputy Director of External and Intergovernmental Affairs in the Office of the Secretary at the Department of the Interior. In 2004, Daniel was appointed as Associate Director of the Office of Public Liaison in the White House before moving on to work for Televisa in 2006 as President of HISPANIC and PODER Group, where he oversaw the editorial, commercial, and promotional aspects of HISPANIC, Hispanic Trends, PODER and Tu Dinero magazines. Born in the Central Valley of California, Daniel's family would migrate annually from his ancestral hometown of Garza Gonzales, Nuevo Leon in Mexico throughout California, Nebraska and the State of Washington as they followed the crop season as farm workers. He recently authored a fiction novel in Spanish and is currently residing in McAllen, TX with his wife and three children.” [hispanicleadershipfund.org, accessed [6/30/15](#)]