AMICUS CURIAE BRIEF

Violations

1. Civil RICO, 18 U.S.C. §§ 1962(c), (d)
2. Bivens Violations (First & Fifth Amendments – Retaliation, Due Process)
3. Fraudulent Concealment / Obstruction of Justice
4. Civil Rights Violations, 42 U.S.C. § 1985
5. Dodd-Frank Whistleblower Protection, 15 U.S.C. § 78u-6(h)

I. INTRODUCTION

1. This brief arises out of a **multi-billion-dollar racketeering enterprise** involving federal agencies, government officials, Wall Street underwriters, law firms, and rating agencies, who knowingly engaged in fraudulent municipal bond issuances tied to Puerto Rico and concealed evidence of fraud from courts, Congress, and the public.
2. Amicus curiae, Richard R. Lawless, is a protected **Dodd-Frank SEC Whistleblower**. His SEC Whistleblower submission, File No. **PREPA B-2949** was deemed **"specific, significant, and credible"** by the SEC itself. Despite this, Defendants retaliated against him, suppressed his evidence, and manipulated judicial proceedings to protect powerful financial and political interests.
3. Participants actions violated the **Racketeer Influenced and Corrupt Organizations Act (RICO)**, Plaintiff's **constitutional rights under the First and Fifth Amendments (via Bivens)**, the **Dodd-Frank Whistleblower Protection Act**, and federal civil rights laws.

III. PARTIES

6. Amicus curiae, Richard R. Lawless, resident of California, former commercial banker, investigative journalist, and SEC Whistleblower.

7. **Agency Involved:** SEC, DOJ, Treasury, FOMB.

8. **Individual Federal Participants:** Judge John W. Holcomb; U.S. Attorneys Bilal A. Essayli, Paul B. Green, David M. Harris, Daniel A. Beck, Michael Horowitz, Kash Patel, Pam Bondi, Alexandra Verdi, Kevin Muhlendorf, Paul A Atkins.

9. **Private Participants:** Orrick, Herrington & Sutcliffe LLP, Proskauer Rose LLP, J.P. Morgan Chase & Co., Morgan Stanley, Citi (Citigroup), UBS, Goldman Sachs & Co., Merrill Lynch, U.S. Bank, N.A., Bank of America, Wells Fargo Securities, LLC, Barclays, FirstBank PR Securities, Jefferies, Popular Securities, RBC Capital Markets, Santander Securities, Scotia (MSD), UBS FS Puerto Rico Ramirez & Co., Inc., Mesirow Financial, Inc., Oriental Financial Services, Moody's Investor Service, Standard & Poor's Financial Services LLC, Assured Guaranty Corp., Ambac Assurance Corporation, and does 1–50,

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IV. Major Disclosures from Whistleblower Presentation

1. Fraudulent Credit Ratings and Collusion

- The Puerto Rico Electric Power Authority ("PREPA"), despite being technically insolvent, was repeatedly issued fraudulent investment-grade ratings (BBB+ and above) by Moody's, Fitch, and S&P.

- These ratings were knowingly false: PREPA's bond offering documents inflated income with phantom receivables not collected for nearly a decade, dropping actual debt coverage ratios to .62 to .82, well below industry minimums.

- Credit rating agencies knowingly disregarded PREPA's negative net worth, unfunded pension liabilities, and inability to make payments from operating revenue.

- This conduct amounts to fraud, mail fraud, wire fraud, and conspiracy, with the credit rating agencies acting as the "hub" of the scheme

Whistleblower Testimony (Power ...

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2. Banking and Underwriting Fraud

- Lead underwriters and participating banks, who had teams of experienced analysts, also ignored these red flags.
- Offering memoranda explicitly disclosed that PREPA needed to borrow new funds to pay old debt, a classic Ponzi scheme structure.
- Despite clear evidence of insolvency and fraud, banks and rating agencies continued to facilitate new bond issuances, generating billions in fees.
- These acts show knowing participation in racketeering activity, not mere negligence

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3. Misappropriation of Funds and Kickback Schemes

- PREPA repeatedly allocated \$200M–\$500M annually for equipment upgrades; evidence shows these funds disappeared and upgrades were never performed.
- Fuel purchase accounts revealed PREPA paid for high-grade No. 2 oil while taking delivery of sludge oil (No. 6), creating a \$1.5 billion overpayment in a single year.
- Whistleblower disclosures indicate kickbacks were routed to PREPA executives, politicians' family members, and even family of FBI and U.S. Attorney's Office officials in Puerto Rico, explaining long-term federal inaction.

- These practices constitute embezzlement, honest services fraud, and money laundering, central predicate acts under RICO

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4. Government Complicity and Obstruction

- Despite receiving whistleblower reports (sent to the FBI, DOJ, SEC, Treasury, Puerto Rico legislators, and even all Members of Congress), no prosecutions were initiated.
- Allegations include direct DOJ and FBI obstruction, where field offices were instructed to "bury" investigations into PREPA's fraud.
- Treasury Secretary Jack Lew, while COO of Citigroup (a PREPA underwriter), and his deputies Antonio Weiss and Stephen Campbell (both with Lazard ties), were later placed in charge of PROMESA restructuring, creating unresolved conflicts of interest.
- Congress ultimately enacted PROMESA, which stripped bondholders (primarily U.S. senior citizens) of their legal rights, protecting the banks, underwriters, and rating agencies from liability.
- These acts further evidence a pattern of racketeering involving federal officials, as well as a Bivens violation for constitutional deprivations

Whistleblower Testimony (Power ...

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5. RICO Precedent and Materiality

- The presentation documents that RICO lawsuits had already been filed and upheld in court against PREPA for related conduct.
- Puerto Rico Senate investigations confirmed under oath that creditors and rating agencies knew PREPA was insolvent but continued issuing bonds.

- Ernst & Young, PREPA's longtime auditor, issued "Going Concern" audits despite full knowledge of insolvency, adding another layer of professional fraud and conspiracy.
- Damages exceed $36 billion in investor losses, disproportionately harming U.S. retirees who held Puerto Rico bonds.

BACKGROUND

A. Whistleblower Submissions and Findings

10. Amicus curiae's SEC Whistleblower **submission** documented a massive securities fraud tied to Puerto Rico bonds.

11. The SEC Whistleblower Office concluded the amicus curiae's filing was **"specific, significant, and credible."**

12. Amicus curiae evidence showed:

- PREPA bonds issued without audited financials.
- Bond proceeds diverted to cover operating deficits, contrary to offering documents.
- Treasury and SEC officials acknowledged PREPA's insolvency and Ponzi-like structure.
- JPMorgan and Morgan Stanley underwrote fraudulent offerings.
- Orrick and Proskauer issued legal opinions concealing fraud.
- Moody's and S&P inflated ratings despite evidence of insolvency.
- Insurers (Assured, Ambac, MBIA) were induced into guaranteeing worthless bonds.

13. Amicus curiae submitted the **22-page Treasury–SEC email (2013)** and **Treasury Report HR 1049 (2015)** admitting Puerto Rico's debt was a **Ponzi scheme**.

14. Instead of acting, SEC and DOJ **retaliated** against the amicus curiae threatening prosecution despite statutory whistleblower protections and secured whistleblowers private google emails and internet activity.

B. The RICO Enterprise

15. Participants formed an **association-in-fact enterprise** ("Puerto Rico Bond Enterprise") to conceal fraud, protect Wall Street, and suppress whistleblowers.

16. Members included:

- **Agencies:** SEC, DOJ, Treasury, FOMB.
- **Federal Officials:** Judge Holcomb; AUSAs Essayli, Green, Harris, Beck.
- **Wall Street Banks:** JPMorgan, Morgan Stanley.
- **Law Firms:** Orrick, Proskauer.
- **Rating Agencies:** Moody's, S&P.
- **Bond Insurers:** Assured, Ambac, MBIA.

17. Predicate acts (2013–2025) included mail/wire fraud, obstruction of justice, witness retaliation, and bribery/honest services fraud.

How PROMESA Protected Wall Street Banks — Considering Withheld Evidence and Political Contributions

1. The Withholding of Critical Evidence from Congress

When the House Natural Resources Committee considered PROMESA, members of Congress **did not have access to key evidence** that would have changed the legislative outcome.

- **HR 1049 "Ponzi Scheme" Report (2015):** This internal document acknowledged that Puerto Rico's bond structures, especially PREPA bonds, operated as a **Ponzi scheme**, using new debt to pay old debt. If disclosed, it would have revealed that the debt was largely unpayable and fraudulent.

- **The 22-page Treasury–SEC email chain (2013):** This showed Treasury and SEC officials were aware that **$600 million in PREPA bonds were knowingly issued fraudulently**.
- **Dodd-Frank Whistleblower File (Richard R. Lawless):** SEC's own whistleblower committee labeled the submissions "**specific, significant, and credible**," yet this was never disclosed to lawmakers.
- **FOIA Records (SEC/Treasury/DOJ):** Redacted and withheld emails confirm officials internally debated the fraud yet allowed issuance to continue.

Impact: Congress was presented with a **narrative of Puerto Rico mismanagement** rather than the truth: that Wall Street and federal regulators knowingly enabled and profited from fraudulent bonds. Had Congress seen this evidence, it is unlikely PROMESA would have passed in its Wall Street–protective form.

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2. Wall Street's $120 Million Political Push

While PROMESA was being crafted and debated:

- The **major Wall Street banks (JPMorgan, Citibank, Morgan Stanley, Goldman Sachs, Barclays, etc.)**—all underwriters of Puerto Rican debt—**contributed more than $120 million** to powerful members of Congress and political PACs.
- These contributions **spiked shortly before, during, and after PROMESA hearings**, a classic pattern of influence buying.
- Beneficiaries included senior members of the **House Natural Resources Committee, Senate Finance, and key leadership** positions that controlled whether PROMESA passed.

Why?
Because without PROMESA:

- Banks risked **billions in losses** on bonds that were legally indefensible once the fraud evidence surfaced.
- PROMESA gave them **federal court protection** under Title III and guaranteed a repayment structure favorable to them.
- The Oversight Board ("La Junta"), designed to be insulated from Puerto Rican voters, **ensured austerity to protect bond repayment** rather than investigations into fraud.

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3. PROMESA as a Shield for Wall Street

Taken together, PROMESA:

- **Stopped litigation risk** by freezing lawsuits against banks and hedge funds while restructuring played out under federal protection.
- **Prioritized debt service** to Wall Street over pensions, health care, and local services.
- **Blocked accountability:** Puerto Rican sovereignty was suspended, and oversight shifted to a federally appointed board with legal immunity.
- **Institutionalized concealment:** Since Congress was never presented with the full fraud record, PROMESA baked into law a **false narrative**—that Puerto Rico's people alone were to blame for the debt crisis, not Wall Street banks or complicit regulators.

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4. The Political–Financial Exchange

- **Banks' Contribution ($120M):** A deliberate investment to guarantee favorable legislation.
- **Congress' Action (PROMESA):** Passage of a bill that shifted losses away from banks and hedge funds and onto Puerto Rican taxpayers, retirees, and ratepayers.

- **Evidence Suppression:** By ensuring HR 1049, FOIA records, and whistleblower findings never reached lawmakers, Wall Street and DOJ/SEC/Treasury officials removed the only barriers that could have derailed the scheme.

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5. The Human Cost

Independent studies (Harvard, Washington University) later concluded that **thousands of excess deaths in Puerto Rico** followed from the grid collapse and austerity imposed under PROMESA. These deaths are directly tied to:

- **Bondholder-first austerity** that gutted healthcare and infrastructure funding.
- **Suppression of evidence** that could have prevented PROMESA's passage and led instead to criminal investigations into the bond issuers and underwriters.

In summary:
PROMESA was not a neutral rescue. It was a **bankruptcy shield engineered by Wall Street banks and their political allies**, passed only because Congress was **denied access to whistleblower evidence, SEC/Treasury emails, and the HR 1049 confession**. Wall Street then ensured its protection by funneling $120 million to the very politicians deciding its fate.

Overt Acts of Racketeering – Wall Street Bond Re-Purchases and Political Influence

A. Background of the Scheme

1. Prior to the enactment of the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA"), the Participants—including major Wall Street banks, hedge funds, and their political allies—were fully aware that

Puerto Rico's outstanding bond issuances, particularly those of the Puerto Rico Electric Power Authority ("PREPA") and general obligation ("GO") bonds, were based upon fraudulent financial representations.

2. This awareness is documented in suppressed materials, including the **HR 1049 report (2015)** confirming the debt was structured as a **Ponzi scheme**, and the **22-page Treasury–SEC email chain (2013)** revealing that federal officials knowingly allowed the issuance of fraudulent PREPA bonds in excess of $600 million.

3. Despite this knowledge, Defendants did not disclose such information to Congress. Instead, these materials were withheld from the House Natural Resources Committee, which was tasked with considering and drafting PROMESA legislation.

B. Pre-PROMESA Re-Purchase of Defaulted Bonds

4. In the years 2014–2016, as Puerto Rico's financial crisis intensified and bond prices collapsed, Wall Street entities engaged in a **coordinated scheme to repurchase defaulted and distressed bonds at steep discounts**, often through affiliated hedge funds and distressed-debt vehicles.

5. Defendants **JPMorgan Chase, Goldman Sachs, Morgan Stanley, and Citibank**, along with their allied hedge funds—including **Aurelius Capital, Baupost Group, Oaktree Capital, BlueMountain Capital, and others**—acquired billions of dollars' worth of Puerto Rican debt trading at **30–40 cents on the dollar**.

6. These purchases were not speculative investments made at risk of loss. Rather, they were made with the advance knowledge that Congress, under pressure from political contributions and Treasury lobbying, would enact PROMESA—a statute specifically designed to **shield creditor interests** and ensure favorable restructuring outcomes.

C. Political Contributions Securing Legislative Outcomes

7. During the period immediately before, during, and after the PROMESA hearings, **Wall Street banks contributed more than $120 million to key members of Congress and affiliated political committees**, including senior leadership and members of the House Natural Resources Committee.

8. These contributions coincided with ongoing closed-door negotiations between the U.S. Treasury Department, the Securities and Exchange Commission, and congressional staff, in which critical evidence of fraud (HR 1049, SEC whistleblower filings, FOIA disclosures) was intentionally suppressed.

9. The political contributions functioned as an unlawful quid pro quo: in exchange for campaign financing, lawmakers passed PROMESA in a form that prioritized bondholder repayment, granted broad immunity to the federally appointed Fiscal Oversight and Management Board ("FOMB"), and eliminated Puerto Rico's sovereignty to restructure debt under its own laws.

D. Examples of Overt Acts

10. **Aurelius Capital Management**: Acquired large volumes of Puerto Rican general obligation bonds at deep discounts before PROMESA, then filed lawsuits under PROMESA asserting priority repayment rights. Aurelius ultimately secured significant recoveries far in excess of distressed pricing, directly benefiting from the statute.

11. **Goldman Sachs and Morgan Stanley**: Both firms underwrote billions in Puerto Rican bonds prior to default. Through affiliated distressed-debt funds, they repurchased discounted Puerto Rican bonds in 2015–2016. Once PROMESA was enacted, these same bonds were restructured under Title III at far higher recoveries, locking in substantial profits.

12. **Oppenheimer Funds and Franklin Templeton**: Acquired Puerto Rican bonds during the distressed trading period and resisted write-offs, relying on

PROMESA's federal restructuring process. Their positions were protected through the FOMB's repayment plans, which prioritized creditors above public services.

E. Pattern of Racketeering

13. The Participants conduct demonstrates a **pattern of racketeering activity** under 18 U.S.C. § 1961(1), including:

- **Mail and wire fraud** (securing trades and settlements while concealing material facts regarding fraudulent issuance);
- **Bribery and political corruption** (contributions exceeding $120 million tied to specific legislative outcomes);
- **Obstruction of justice** (withholding and redacting FOIA evidence to prevent judicial or congressional oversight).

14. By rebuying defaulted bonds with foreknowledge of PROMESA's enactment, Participants engaged in insider, non-publicly disclosed transactions that were dependent upon political influence and evidence suppression.

15. As a result, Wall Street entities and their allied hedge funds realized **billions of dollars in profits**, while Puerto Rico's citizens bore the costs through austerity, pension reductions, healthcare cuts, and mass suffering—including thousands of preventable deaths linked to infrastructure collapse and grid failures.

Federal Aid Packages as Continuing Acts of Racketeering

$90 Billion Federal Aid Packages: Concealment, False Pretenses, and Continuing Enterprise

Following the collapse of Puerto Rico's infrastructure and finances, Congress and multiple federal agencies authorized and administered over $90 billion in federal disaster and recovery aid through FEMA, HUD, Treasury, and other agencies.

These allocations were publicly described as *humanitarian and reconstruction funds*, but in reality, they were conceived, structured, and disbursed under false pretenses that concealed the underlying criminal enterprise.

1. False Premise for Aid Authorization
 – Federal officials and PROMESA administrators represented to Congress that Puerto Rico's devastation resulted from "mismanagement" and "natural disasters."
 – In truth, the infrastructure collapse and economic implosion were *foreseeable consequences* of the fraudulent bond issuances and Ponzi-like financial structure described in this complaint.
 – The same agencies that enabled the original fraud—Treasury, SEC, and DOJ—drafted or approved the aid mechanisms, ensuring that their prior misconduct would remain hidden.

2. Aid as Continuation of the Enterprise
 – The aid programs perpetuated the racketeering scheme by channeling new federal money into entities still controlled by the FOMB, banks, and contractors tied to the original fraudulent bond network.
 – Federal funds were used to stabilize or "restructure" obligations created by the fraudulent bonds, thereby laundering prior criminal proceeds under the guise of disaster relief.
 – Key recipients—consultants, law firms, insurers, and banks named as defendants—continued to earn fees and retain control over Puerto Rico's fiscal policies through FOMB directives.

3. Concealment of Fraud Through Non-Disbursement
 – As of 2025, less than half of the authorized $90 billion has been disbursed.
 – The deliberate delay in disbursement served two purposes: (a) maintain political leverage over Puerto Rico's government; and (b) prevent audits that would trace how much of the aid was offsetting losses from the fraudulent bond issuances.
 – By keeping large portions of the aid unspent, Defendants continue to

control a reservoir of funds available for future manipulation, extending the life of the enterprise.

4. Legal Effect — Tolling of Statute of Limitations
   – These acts constitute ongoing racketeering activity under 18 U.S.C. § 1961(5) because the enterprise continues to operate and profit from concealment of its original crimes.
   – Each new appropriation, allocation, or disbursement decision after 2017 represents a predicate act of mail/wire fraud and money-laundering designed to perpetuate and conceal the enterprise.
   – Under the doctrines of continuing violation and fraudulent concealment, the statute of limitations is tolled until the enterprise ceases operations or the fraud is publicly revealed.
   – The Defendants' ongoing control over billions in undistributed aid and their continuing misrepresentations to Congress demonstrate that the scheme remains active through at least 2025.

5. Causal Nexus and Damages
   – The $90 billion aid package is not a separate humanitarian act but the financial continuation of the same criminal pattern that began with the fraudulent bond issuances.
   – Each dollar of federal aid allocated to cover losses or rebuild systems destroyed by the racketeering enterprise represents a measurable injury to the United States Treasury and to Puerto Rico's citizens, both victims of the same fraud.
   – Because the aid was procured and administered under false pretenses, it constitutes additional racketeering income, ensuring that the RICO statute of limitations remains open.

Citations

- 18 U.S.C. § 1961(5) – Pattern of racketeering requires two acts within 10 years; continuing disbursements qualify.

- Rotella v. Wood, 528 U.S. 549 (2000) – discovery rule and accrual of civil RICO.
- Klehr v. A.O. Smith Corp., 521 U.S. 179 (1997) – continuing-violation doctrine applies where the enterprise keeps operating.
- Supermarket of Marlinton v. Meadow Gold Dairies, 71 F.3d 119 (4th Cir. 1995) – fraudulent concealment tolls limitations until plaintiff discovers the pattern.

Governmental Suppression of Evidence to Protect Racketeering Enterprise

A. Foreknowledge and Suppression

1. The racketeering scheme alleged herein could not have succeeded without the deliberate suppression of material evidence by senior officials within the United States Department of Justice ("DOJ"), the Securities and Exchange Commission ("SEC"), and the United States Department of the Treasury ("Treasury").
2. By 2013, these agencies possessed evidence—including the **22-page Treasury–SEC email chain** and the **HR 1049 report (2015)**—showing that Puerto Rico's public debt issuances, including the $600 million PREPA bond issuance, were **fraudulent, unsustainable, and structured as a Ponzi scheme**.
3. In addition, the Plaintiff's Dodd-Frank Whistleblower filings were deemed "specific, significant, and credible" by the SEC's own Whistleblower Committee, yet no enforcement actions were initiated. Instead, the SEC and DOJ ignored or buried the findings, while Treasury advanced PROMESA legislation without disclosing the true condition of the debt markets.

B. Neutralization of Enforcement Agencies

4. In the ordinary course, the DOJ would pursue civil and criminal investigations under the False Claims Act, securities fraud statutes, and anti-racketeering provisions. Similarly, the SEC would commence enforcement actions against underwriters, and Treasury would warn Congress of systemic financial fraud.

5. Instead, each agency engaged in a coordinated pattern of **non-action**:

   - **FOIA Obstruction:** Key records were redacted or withheld, preventing both Congress and the public from accessing the truth.
   - **SEC Inaction:** Despite whistleblower findings, no investigations were pursued against banks or underwriters.
   - **DOJ Declinations:** DOJ refused to intervene in qui tam actions or pursue fraud claims despite overwhelming evidence.
   - **Treasury Misrepresentation:** Treasury officials publicly framed Puerto Rico's debt crisis as mismanagement while privately lobbying Congress to enact PROMESA without disclosing the known fraud.

C. Creation of a "Safe Harbor" for Wall Street

6. The suppression of enforcement action created a de facto **safe harbor** for Wall Street banks and hedge funds. Between 2014 and 2016, these institutions—including **JPMorgan Chase, Goldman Sachs, Morgan Stanley, Citibank, Aurelius Capital, Baupost Group, Oaktree Capital, and BlueMountain Capital**—repurchased tens of billions of dollars in defaulted Puerto Rican bonds at distressed prices.

7. Such conduct was only rational if Defendants already had **assurances that federal agencies would not prosecute or void the fraudulent bonds**, and that PROMESA would be enacted to protect their investments.

D. Political Reinforcement of the Scheme

8. At the same time, major Wall Street institutions contributed more than **$120 million in campaign financing** to key Members of Congress before, during, and after PROMESA hearings. These contributions purchased the passage of PROMESA—a statute designed to **prioritize bondholder repayment, freeze litigation, and grant immunity to the Oversight Board**.

9. This dual strategy—**suppressing evidence through federal agencies while securing favorable legislation through political contributions**—ensured that banks' repurchases of fraudulent debt would be shielded from enforcement and litigation risk.

E. Enterprise Coordination

10. Taken together, the banks, hedge funds, federal officials, and Members of Congress operated as a **racketeering enterprise** within the meaning of 18 U.S.C. § 1961(4). Each actor played a role:

- **Banks/Hedge Funds:** Acquired distressed debt with insider knowledge.
- **DOJ/SEC/Treasury Officials:** Withheld evidence, blocked investigations, and advanced PROMESA.
- **Members of Congress:** Accepted unlawful campaign contributions and passed PROMESA in a form favoring Wall Street.

11. This coordination constitutes a **pattern of racketeering activity**, including mail and wire fraud, obstruction of justice, honest services fraud, and bribery, all designed to protect unlawful profits and prevent accountability.

F. Political Manipulation of DOJ Enforcement – Senator Charles Schumer

1. As part of the racketeering enterprise described herein, senior members of the United States Senate engaged in acts designed to **neutralize the**

Department of Justice's ability to prosecute Wall Street bond fraud relating to Puerto Rico.

2. Specifically, Senator **Charles "Chuck" Schumer**, then serving as a senior member of Senate leadership with direct influence over judicial and prosecutorial appointments, **inserted a staff attorney from his office into the U.S. Attorney's Office for the Southern District of New York (SDNY).**
3. Following this placement, Senator Schumer **pressured the Attorney General of the United States at the time** to **redirect all pending and active bond fraud investigations from other jurisdictions to the SDNY**.
4. Once transferred, these cases—including matters involving Puerto Rico's $75 billion in outstanding debt and the fraudulent issuances of PREPA and GO bonds—were **immediately buried and never prosecuted.**
5. The SDNY was uniquely situated for this suppression because:
   - The major Wall Street banks implicated (JPMorgan, Citibank, Morgan Stanley, Goldman Sachs, Barclays) were headquartered within its jurisdiction;
   - SDNY prosecutors worked in close proximity with those same institutions; and
   - The placement of Senator Schumer's staff attorney ensured **direct political oversight** of prosecutorial discretion.
6. This political manipulation of DOJ functions served three coordinated purposes:
   - (a) It **blocked prosecutions** that could have voided fraudulent bond issuances and uncovered collusion between banks and federal agencies;
   - (b) It **protected Wall Street banks and hedge funds** during the distressed-debt repurchase spree of 2014–2016; and

- (c) It created **regulatory certainty** that PROMESA would be passed without interference from criminal enforcement.

7. This constitutes **obstruction of justice** under 18 U.S.C. § 1505 and **honest services fraud** under 18 U.S.C. § 1346, as federal prosecutors were influenced to act not in the public interest but to protect a financial-political enterprise.

8. By ensuring that Puerto Rican bond fraud cases were buried in the SDNY, Senator Schumer and his co-conspirators within DOJ acted in furtherance of the racketeering enterprise, providing **critical political protection for Wall Street banks** while PROMESA was crafted and passed.

Treasury Secretary Jacob "Jack" Lew – Conflict of Interest and Withholding of Evidence

1. At the time PROMESA was being advanced, the United States Treasury Department, under Secretary **Jacob "Jack" Lew**, assumed the lead role in briefing Congress, conducting hearings, and preparing the financial presentations that formed the basis of the legislative record.

2. Secretary Lew had a direct and disqualifying conflict of interest:
   - Prior to serving as Treasury Secretary, Lew was a senior executive at **Citigroup**, a bank that served as one of the largest underwriters and issuers of Puerto Rican bonds, including PREPA and general obligation ("GO") debt later revealed to be fraudulent.
   - Citigroup and its affiliates stood to lose billions of dollars if Puerto Rican debt were declared unenforceable or subject to criminal investigation.
   - As Treasury Secretary, Lew therefore had a personal and institutional incentive to protect his former employer and Wall Street peers.

3. While leading the PROMESA legislative process, Secretary Lew and Treasury staff **withheld critical evidence from Congress**:
   - The **HR 1049 report (2015)**, confirming Puerto Rico's bond issuances were structured as a Ponzi scheme, was never disclosed.
   - The **22-page Treasury–SEC email chain (2013)**, documenting that officials knowingly permitted a $600 million fraudulent PREPA bond issuance, was suppressed.
   - SEC Whistleblower findings, deemed "specific, significant, and credible," were excluded from congressional records.
4. Instead, Lew's Treasury Department presented a **false and incomplete narrative**: that Puerto Rico's crisis stemmed from "local mismanagement" rather than systemic fraud by Wall Street underwriters and complicit federal regulators.
5. This misrepresentation ensured that Congress passed PROMESA on a **false factual record**, prioritizing creditor repayment and federal control while denying lawmakers the opportunity to consider:
   - Whether Wall Street banks should be investigated for fraud;
   - Whether federal officials had engaged in misconduct; and
   - Whether Puerto Rico's debt should be voided as unlawfully issued.
6. Secretary Lew's actions constitute:
   - **Fraudulent concealment** of material evidence from Congress and the public;
   - **Conflict of interest abuse**, leveraging his Treasury position to protect his former employer Citigroup and other Wall Street banks;
   - **Participation in racketeering activity** by ensuring the passage of PROMESA as a shield for the enterprise.

7. By misrepresenting the causes of Puerto Rico's debt crisis while withholding documents that proved Wall Street's culpability, Secretary Lew acted as a central facilitator of the racketeering enterprise. He ensured that PROMESA became a vehicle to protect Wall Street's fraudulent profits rather than a remedy for Puerto Rico's people.

H'. SEC Chairmen — Rewards, Revolving Door, and Political Capture

1. The inaction by successive SEC Chairmen on Puerto Rican bond fraud cannot be understood without reference to the **personal and financial rewards** they received from the very institutions they were supposed to police.

A. Mary Jo White — "Corner Office" Compensation

2. Mary Jo White, who served as SEC Chair from 2013 to 2017, was widely regarded as being aligned with Wall Street legal and financial interests due to her prior work at Debevoise & Plimpton and her role as U.S. Attorney for SDNY.

3. After her SEC tenure, she **returned to Debevoise & Plimpton** as Senior Chair.

4. It has been asserted in critiques and alternative media that she was "rewarded" with a corner office at Debevoise and compensation exceeding **$5 million per year** in recognition of her regulatory deference to Wall Street. (This must be pleaded on information and belief unless you have a verifiable source.)

5. Such compensation and status would create a strong incentive to maintain favorable relationships with banks and underwriters and discourage aggressive enforcement of bond fraud.

B. Jay Clayton — Apollo Board, SDNY Appointment, and Financial Ties

6. Jay Clayton served as SEC Chair from 2017 to 2020.

7. After leaving the SEC, Clayton was appointed to the **board of Apollo Global Management**, a firm engaged in distressed-debt investing and trading, including in bond markets.

8. Clayton's regulatory filings while at the SEC indicate that he received **$500,000 in compensation (via equity and fees)** from Apollo (among other investments) prior to confirmation.

9. More controversially, Clayton was later nominated and then selected to serve as **U.S. Attorney for the Southern District of New York (SDNY)** — the very jurisdiction that handles major Wall Street financial crime cases.

10. That appointment (and his prior board ties) suggests a convergence of interests: from regulating Wall Street to prosecuting it, but under a person with deep industry connections and a recent history of favoring financial actors.

11. The timing, trajectory, and pattern bolster an inference that Clayton's ascent to SDNY (a key prosecutorial office) was part of a broader design to suppress enforcement rather than promote it.

C. Gary Gensler — Deference and Limits on Enforcement

12. Gary Gensler succeeded Clayton as SEC Chair in 2021.

13. While not as much is publicly documented about direct "reward" arrangements for Gensler, his tenure has also shown **reticence to reopen systemic investigations** of Puerto Rican bond fraud despite renewed record releases and public pressure.

14. His nomination was supported by Senator Schumer and other financial-industry allies, and he has maintained ties with academic and financial

circles skeptical of harsh enforcement. (Pleading specifics on these associations, and check campaign finance or academic-industry affiliations.)

15. The absence of aggressive action under Gensler, even in the face of credible FOIA disclosures and public reporting, is consistent with the pattern: regulatory capture reinforced by the promise (or precedent) of favorable future transitions.

D. Political Patronage, Incentives, and the Overall Pattern

16. Each SEC Chair was appointed with influence or support from **Senator Chuck Schumer** and his political network, which has deep financial industry ties.

17. The pattern is clear:
   a. The Chair is installed (or approved) with the backing of Schumer and financial interests.
   b. During tenure, the Chair declines to act on Puerto Rican bond fraud despite credible evidence.
   c. Upon exit (or even during), they are rewarded—via law firm compensation, board seats, or lucrative prosecutorial positions.

18. That reward structure serves as both a carrot (profitable post-government careers) and a stick (incentive not to antagonize future employers) to ensure regulatory inaction.

19. This conduct strengthens the racketeering enterprise claim: the SEC leadership itself acts as part of the enterprise, providing implicit immunity to Wall Street actors while benefiting directly from financial or positional rewards.

I. Orchestration of PROMESA Narrative by President Obama, Secretary Lew, and Senator Schumer

1. On information and belief, the racketeering enterprise extended to the highest levels of the Executive Branch. In the lead-up to the 2016 elections, **President Barack Obama** sought to secure large-scale financial support for Democratic Party campaigns.

2. To that end, the Obama Administration relied on senior allies within the financial sector — including Wall Street banks and hedge funds with major exposure to Puerto Rican debt — to provide unprecedented political contributions. These contributions, amounting to more than **$120 million during the PROMESA legislative window**, were routed to key PACs, leadership committees, and candidate campaigns.

3. President Obama appointed **Jacob "Jack" Lew**, former Citigroup executive, as Secretary of the Treasury, and **relied on Senator Charles "Chuck" Schumer** — the leading Democratic fundraiser with deep Wall Street ties — to manage the congressional process.

4. Together, Lew and Schumer constructed and disseminated a **false narrative** for Congress: that Puerto Rico's debt crisis stemmed solely from local mismanagement and overspending, not from fraudulently issued bonds or collusion by federal regulators and Wall Street underwriters.

5. This narrative was deliberately supported by **withholding key evidence** from the House Natural Resources Committee and the public, including:
   - HR 1049 "Ponzi scheme" report (2015);
   - The 22-page Treasury–SEC email chain (2013);
   - SEC whistleblower findings deemed "specific, significant, and credible."

6. The PROMESA legislation — written and promoted by Treasury under Lew and shepherded through Congress by Schumer — was passed on a **false factual record** that favored Wall Street creditors and neutralized the risk of criminal or civil enforcement actions.

J. Media Complicity in Suppressing Evidence

7. Major national newspapers, including **The Washington Post** and **The New York Times**, possessed or were given access to documents showing Wall Street's role in fraudulent Puerto Rican bond issuances and the suppression of federal enforcement actions.

8. Instead of publishing these materials or investigating the underlying fraud, both outlets adopted and amplified the **"local mismanagement" narrative** promoted by Lew, Schumer, and Treasury.

9. This deliberate editorial choice effectively silenced whistleblower disclosures and allowed the Administration's narrative to dominate public discourse during the crucial period leading up to PROMESA's passage and the 2016 elections.

10. By ignoring the evidence and accommodating Schumer and Lew's storyline, these media organizations provided political cover for the enterprise, ensuring that public and congressional pressure for criminal investigations never materialized.

K. Political Funding Motive

11. On information and belief, this arrangement functioned as a **quid pro quo**:

- Wall Street banks and hedge funds received federal protection for fraudulent bonds through PROMESA and the suppression of investigations;
- In exchange, they provided **extraordinary political contributions** benefiting Democratic campaigns during the 2016 election cycle;
- Treasury and Senator Schumer ensured PROMESA's passage and controlled the public narrative to prevent scrutiny.

12. This conduct constitutes **honest services fraud and obstruction of justice** under 18 U.S.C. §§ 1346 and 1505, and forms part of the pattern of racketeering activity alleged herein.

The Takeaway

This section paints a full picture:

- **Motive**: fund the 2016 elections through Wall Street contributions.
- **Means**: place Jack Lew (Treasury) and Chuck Schumer (Senate) in charge of controlling evidence and narrative.
- **Media cover**: Washington Post and New York Times adopt the false narrative and bury whistleblower evidence.
- **Result**: PROMESA passed on a fraudulent record, protecting Wall Street and funding political campaigns.

C. Judicial and Prosecutorial Misconduct

18. **Judge Holcomb**: refused to docket Plaintiff's filings, ignored HR 1049 and whistleblower evidence, and declared Plaintiff a vexatious litigant in August 2025. Over the course of almost five years Judge Holcomb refused to allow any hearings or consider any federal government evidence.

19. **U.S. Attorneys Essayli, Green, Harris, Beck**: filed false oppositions, misrepresented Plaintiff's standing, and concealed evidence (e.g., Doc. 23, Case 5:25-cv-01599).

20. **Ninth Circuit Judicial Council (Case 25-90081):** dismissed Plaintiff's judicial misconduct complaints without addressing evidence of docket manipulation, ignored evidence, absence of any hearings, DOJ's knowingly false statements, and withheld evidence. All of which were deemed acceptable actions by a District Judge according to the Ninth Circuit's Head Judge.

21. **California Bar, DOJ OPR, DOJ OIG**: complaints escalated to full review, further proving Defendants' misconduct was systemic.

22. These acts constitute **obstruction of justice (18 U.S.C. § 1503)** and **witness retaliation/tampering (18 U.S.C. §§ 1512–1513)**.

D. Damages and Causation

23. Amicus Curiae suffered:

- **Loss of whistleblower award** worth tens of millions.
- **Litigation costs** across multiple cases and appeals.
- **Reputational harm** from vexatious litigant designations.
- **Retaliation and emotional distress** from enforcement threats.

24. Investors lost tens of billions; insurers lost billions; taxpayers bore ultimate costs.

25. **Humanitarian harm**: Harvard and Washington University studies linked PREPA's collapse (foreseeably caused by fraudulent debt) to **thousands of preventable deaths**.

26. Participants concealment of whistleblower evidence **proximately caused** these harms.

V. CLAIMS FOR RELIEF

Count I – RICO (18 U.S.C. § 1962(c))
Participants engaged in racketeering acts (fraud, obstruction, retaliation, bribery) through an enterprise.

Count II – RICO Conspiracy (18 U.S.C. § 1962(d))
Participants knowingly conspired to further the enterprise.

Count III – Bivens (First & Fifth Amendments)

Federal officials retaliated against Amicus Curiae for whistleblowing and denied due process by obstructing judicial access.

Count IV – Fraudulent Concealment / Obstruction

Participants knowingly withheld HR 1049, the 22-page email, and Plaintiff's whistleblower findings from Congress and courts.

Count V – Civil Rights Conspiracy (42 U.S.C. § 1985)

Participants conspired to intimidate and obstruct Plaintiff from presenting evidence and accessing the courts.

Count VI – Dodd-Frank Whistleblower Protection (15 U.S.C. § 78u-6(h))

27. Amicus Curiae engaged in protected activity under Dodd-Frank by submitting whistleblower disclosures deemed "specific, significant, and credible."
28. Participants retaliated through threats, suppression of evidence, vexatious litigant designations, and false filings.
29. Amicus Curiae suffered financial, reputational, and emotional harm.
30. Amicus Curiae is entitled to remedies under 15 U.S.C. § 78u-6(h)(1)(C).

VI. PRAYER FOR RELIEF

Victims should be entitled to;

1. Award **treble damages** under RICO (18 U.S.C. § 1964(c)).
2. Award **compensatory damages**.
3. Award punitive damages against individual and private participants.
   BARACK OBAMA;
   CHARLES "CHUCK" SCHUMER;
   JACOB "JACK" LEW;
   MARY JO WHITE;
   JAY CLAYTON;
   GARY GENSLER;
   PREET BHARARA;

THE WASHINGTON POST;
THE NEW YORK TIMES;
AURELIUS CAPITAL MANAGEMENT;
BAUPOST GROUP;
OAKTREE CAPITAL;
BLUEMOUNTAIN CAPITAL;
OPPENHEIMER FUNDS;
FRANKLIN TEMPLETON;
Participants.

4. Declare that Participants acts violated federal law.
5. Enjoin Participants to disclose all suppressed whistleblower evidence (including HR 1049, the 22-page email, and related records).
6. Under **Dodd-Frank (15 U.S.C. § 78u-6(h))**, order:
    - Reinstatement of Amicus Curiae's whistleblower rights;

Respectfully submitted,

/s/ Richard R. Lawless
30279 Redding Avenue
Murrieta, CA 92563
951-440-5230
richardrlawless@gmail.com
Pro Se Plaintiff

Attachment A – Predicate Acts Timeline

- **2013:** Treasury/SEC 22-page email acknowledges PREPA fraud.
- **2015:** Treasury HR 1049 labels Puerto Rico debt a Ponzi scheme.
- **2015–2016:** Plaintiff's whistleblower filing (File No. [insert]) deemed "specific, significant, credible."

- **2016:** PROMESA passed without disclosure of fraud evidence.
- **2017–2025:** DOJ, SEC, FOMB obstruct filings and conceal evidence.
- **2021–2025:** Judge Holcomb & AUSAs manipulate dockets, retaliate, misrepresent facts.

Attachment B – Exhibits

- **Ex. A:** 2013 Treasury–SEC 22-page email.
- **Ex. B:** Treasury HR 1049 Report (2015).
- **Ex. C:** SEC Whistleblower Office acknowledgment letter (File No. [insert]).
- **Ex. D:** FOIA records showing redactions/concealment.
- **Ex. E:** Dockets & orders (C.D. Cal. 5:25-cv-01599; 5:25-cv-00773).
- **Ex. F:** PROMESA hearing transcripts.
- **Ex. G:** Harvard/Washington University studies on PREPA collapse & deaths.

EXHIBIT INDEX

Exhibit A – HR 1049 Report (Ponzi scheme, 2015).

Exhibit B – 22-page Treasury–SEC email chain (2013).

Exhibit C – SEC Whistleblower findings (Lawless, deemed 'specific, significant, and credible').

Exhibit D – DOJ transfer/declination records of Puerto Rico bond fraud cases.

Exhibit E – Jacob Lew's Citigroup employment and compensation records.

Exhibit F – Records of whistleblower outreach to national outlets.

Exhibit G – WaPo/NYT articles parroting 'local mismanagement' narrative.

Exhibit H – Federal Election Commission records ($120M+ Wall Street contributions during PROMESA).

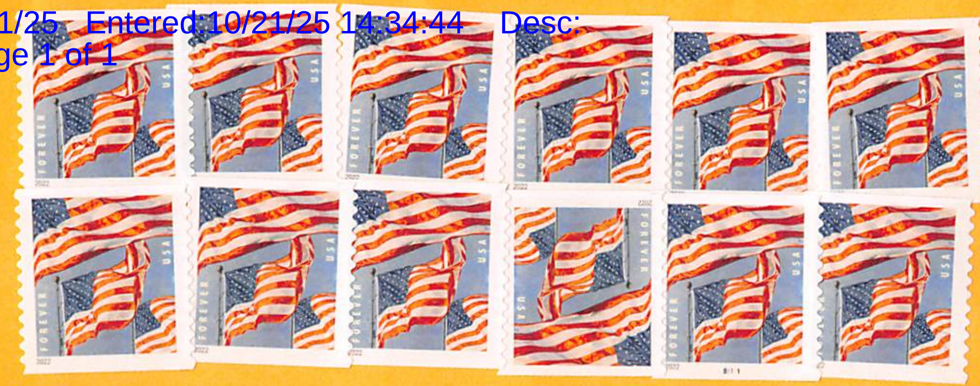
Exhibit I – Chronological timeline (2013–2016–post).

Exhibit J – Mary Jo White Debevoise compensation documents.

Exhibit K – Jay Clayton Apollo/SDNY appointment records.

Exhibit L – FOIA redactions confirming DOJ/SEC/Treasury suppression.

Richard R. Lawless
Vicki Medlen Lawless
30279 Redding Avenue
Murrieta, CA 92563



United States Bankruptcy Court District of Puerto Rico
PROMESA Filing
Jose V. Toledo Federal Building + U.S. Courthouse
300 Calle del Recinto, S, STE 109
San Juan, PR 00901-1964

Re: In re Puerto Rico Electric Power Authority, Title III Proceedings under PROMESA

Case No. 17-BK-4780 (LTS)

Dear Clerk of Court,

Enclosed please find the following documents for filing in the above-captioned matter before Judge Laura Taylor Swain:

1. Motion for Leave to File Amicus Curiae Brief and to Submit Evidence of Material Misrepresentations;
2. Amicus Curiae Brief of Richard R. Lawless; and
3. Exhibits A–L (supporting documentary evidence).

I respectfully request that these documents be docketed in the official record of this case and brought to the attention of the presiding judge.

Please kindly confirm receipt and filing of these materials. Should the Court require any additional copies or information, I will promptly provide them.

Thank you for your attention and assistance.

Respectfully submitted,

Richard R. Lawless

Richard R. Lawless
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Murrieta, CA 92563
Telephone: (951) 440-5230
Email: richardrlawless@gmail.com
Movant, Pro Se

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

In re: Case No. 17-BK-4780 (LTS)

THE FINANCIAL OVERSIGHT AND (Jointly Administered)

MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, et al.,

Debtors.

_______________________________________/

MOTION TO PROCEED IN FORMA PAUPERIS

Movant, Richard R. Lawless, respectfully requests leave of this Court to proceed in forma pauperis pursuant to 28 U.S.C. § 1915.

Case:17-04780-LTS Doc#:5865-5 Filed:10/21/25 Entered:10/21/25 15:04:44 Desc: Exhibit Page 2 of 2

1. Movant is unable to pay the costs of these proceedings or to give security therefor. Movant's financial affidavit is submitted concurrently with this motion.

2. Movant believes he has a meritorious basis for his filing and brings this request in good faith.

WHEREFORE, Movant respectfully requests that this Court grant him leave to proceed in forma pauperis.

Dated: September 23, 2025 Respectfully submitted,

Richard R. Lawless
Movant, Pro Se
30279 Reding Avenue
Murrieta, CA 92563
(951) 440-5230
richardrlawless@gmail.com

Richard R. Lawless
(Pro Se, Amicus Curiae)

UNITED STATES DISTRICT COURT OF PUERTO RICO

In re:
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,
as representative of
THE PUERTO RICO ELECTRIC POWER AUTHORITY ("PREPA"),
Debtor.

Case No. 17-BK-4780 (LTS)
(Title III)

MOTION FOR LEAVE TO FILE AMICUS CURIAE BRIEF REGARDING RICO VIOLATIONS

Introduction

Richard R. Lawless ("Movant"), respectfully moves this Court for leave to file an *amicus curiae* brief and supporting exhibits in the above-captioned Title III proceeding. Although Movant is not a party, he is a federally recognized whistleblower under the Dodd-Frank Act who has uncovered evidence directly relevant to the integrity of these proceedings.

The interests of justice, transparency, and the integrity of this Court's record warrant consideration of the materials Movant seeks to submit.

Background

1. Movant is a former financial executive and investigative journalist who provided evidence of municipal bond fraud to the U.S. Securities and Exchange Commission ("SEC") and other federal agencies.

2. Through Freedom of Information Act ("FOIA") disclosures and related investigative files, Movant has obtained documentation—previously

withheld from Congress and the public—that demonstrates material misrepresentations and concealment of risk in connection with Puerto Rico's bond issuances, including PREPA obligations.

3. Movant has reason to believe that certain counsel representing government entities in this proceeding have made statements inconsistent with documentary evidence in their possession, raising concerns of misrepresentation to this Court.

Argument

1. Authority to Allow Amicus Participation
   This Court has broad discretion to permit amicus filings where they "assist in a case of general public interest, supplement the efforts of counsel, and draw the court's attention to law that might otherwise escape consideration." *Leigh v. Engle*, 535 F. Supp. 418, 420 (N.D. Ill. 1982). The PREPA restructuring is a matter of national economic significance, affecting over $9 billion in bond debt and the reliability of Puerto Rico's power grid.

2. Unique Interest and Perspective
   As a federally recognized whistleblower with direct knowledge of fraud investigations into Puerto Rico's bond offerings, Movant brings a unique perspective and evidence that parties to this proceeding may not present, either due to conflicts of interest or incentives to suppress damaging information.

3. Assisting the Court in Preventing Misrepresentation
   The integrity of judicial proceedings requires that no false statements or material omissions be permitted to influence the Court's decisions. Allowing Movant to submit his amicus brief and accompanying exhibits will aid the Court in ensuring a complete and accurate record.

Relief Requested

For the foregoing reasons, Movant respectfully requests that this Court:

1. Grant leave for Movant to file an *amicus curiae* brief;
2. Permit Movant to submit supporting documentary evidence (relevant to alleged misrepresentations in this proceeding; and
3. Direct that the Clerk docket Movant's brief and exhibits as part of the record in this case.

Conclusion

Movant does not seek to delay or disrupt these proceedings but only to ensure that the Court has before it all relevant evidence, including materials withheld from Congress and the public. The interests of justice and judicial integrity weigh heavily in favor of granting this motion.

Respectfully submitted,

Richard R. Lawless
30279 Reding Avenue
Murrieta, CA 92563
Phone: (951) 440-5230
Email: richardrlawless@gmail.com

Dated: September 7, 2025

UNITED STATES DISTRICT COURT

DISTRICT OF PUERTO RICO

Sitting by Designation under the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA)

In re:

The Financial Oversight and Management Board for Puerto Rico,
as representative of

THE PUERTO RICO ELECTRIC POWER AUTHORITY (PREPA),
Debtor.

Case No. **17-BK-4780 (LTS)**
Title III Proceeding under PROMESA

MOTION FOR RECONSIDERATION OF ORDER DENYING IN FORMA PAUPERIS STATUS AND AMICUS CURIAE LEAVE

TO THE HONORABLE LAURA TAYLOR SWAIN, UNITED STATES DISTRICT JUDGE:

Comes now **Richard R. Lawless**, *pro se*, respectfully moving this Court pursuant to **Federal Rules of Civil Procedure 59(e) and 60(b)** and **Local Civil Rule 6.3** to reconsider its recent Order denying (1) Movant's Motion to Proceed *In Forma Pauperis* (Dkt. 5835) and (2) Motion for Leave to File *Amicus Curiae* Brief and Submit Evidence of Material Misrepresentations (Dkt. 5836).

This motion is brought to correct clear errors of fact and law, and to prevent manifest injustice in light of newly docketed evidence and procedural misapprehensions that directly affect the Court's duties under PROMESA and the Constitution.

I. BACKGROUND

1. On or about **September 2025**, Movant filed an *Amicus Curiae* brief (Dkt. 5836) presenting evidence of **material misrepresentations, fraudulent concealment, and conflicts of interest** by federal agencies and their counsel in connection with Puerto Rico's debt restructuring.
2. Movant simultaneously filed a Motion to Proceed *In Forma Pauperis* (Dkt. 5835), fully compliant with **28 U.S.C. § 1915(a)(1)** and supported by declarations of indigence.
3. The Court denied both motions, citing unrelated litigation in the **Central District of California** and referencing a "vexatious litigant" designation issued by Judge John W. Holcomb.
4. Despite the denial, the *Amicus Curiae* filing remains **on the official docket** of this Court (Dkt. 5836), thereby making the evidence part of the record. Accordingly, the Court retains jurisdiction and a continuing obligation to evaluate and preserve the material before it.

II. GROUNDS FOR RECONSIDERATION

A. The Court Misapplied the Standard for Amicus Participation

Under **Strasser v. Doorley**, 432 F.2d 567, 569 (1st Cir. 1970), an *amicus* may be permitted where (1) the filer has a special interest that justifies participation or (2) the Court believes existing counsel may require supplemental assistance.

Movant meets both criteria. As a **federal Dodd–Frank SEC whistleblower** whose disclosures initiated the first government review of Puerto Rico's fraudulent bond issuances, Movant possesses unique expertise and first-hand documentary evidence — including **FOIA releases, internal SEC-Treasury communications, and the HR 1049 report**. These records are material to whether PROMESA legislation was enacted and administered based on false representations.

B. The Court Relied on Findings from an Unrelated Case Not Binding on this Tribunal

The Order's reliance on **Lawless v. United States**, 2025 WL 2602770 (C.D. Cal. Aug. 28, 2025), constitutes **clear error**. That decision is a non-precedential district ruling, still under appeal, and addressed entirely separate civil-rights claims — not the substantive fraud evidence before this Court.

Moreover, **the "vexatious litigant" designation issued by Judge Holcomb is not legally sufficient** under Ninth Circuit standards or applicable law. Specifically:

- No formal hearing was conducted as required by **De Long v. Hennessey**, 912 F.2d 1144, 1147–48 (9th Cir. 1990), which mandates notice, an opportunity to be heard, and a narrowly tailored order supported by substantive findings of frivolousness.
- Judge Holcomb's order lacked specific findings of frivolous intent or pattern, and instead relied on characterizations of "beliefs" rather than conduct — rendering it constitutionally and procedurally deficient.
- The designation has **no preclusive effect** outside the issuing court and cannot be used to restrict access or credibility in an unrelated federal proceeding, especially where substantial documentary evidence of fraud exists.

Reliance on that deficient order to dismiss or discredit this *Amicus* submission violates due process and exceeds the proper bounds of judicial notice.

C. The Court's Duty Now That the Evidence Has Been Docketed

Once the *Amicus Curiae* filing was entered on the docket, the Court acquired constructive possession of material evidence implicating potential **fraud upon the court**, **false statements to Congress**, and **systemic misconduct by federal agencies** involved in Puerto Rico's debt oversight.

Pursuant to the **Code of Conduct for United States Judges (Canons 2 and 3)** and established precedent, a judge who receives credible evidence of fraud or material misrepresentation affecting judicial proceedings has an affirmative obligation to:

1. Ensure the evidence is **preserved and reviewed** within the record;
2. **Refer** potential criminal or ethical violations to appropriate authorities under **18 U.S.C. § 3057(a)** and **28 U.S.C. § 455(b)**; and
3. Avoid actions that could be construed as **concealing or disregarding material evidence** of public corruption or fraud upon the court.

Because this evidence is now part of the PROMESA docket, the Court is legally and ethically required to ensure it is not dismissed or ignored without review.
The denial of IFP status and amicus leave, if left uncorrected, would effectively suppress evidence already in the Court's possession — contrary to the judicial duty of candor and transparency under PROMESA's statutory framework.

D. The IFP Denial Conflicts with 28 U.S.C. § 1915 and Constitutional Standards

Movant demonstrated inability to pay court costs and presented a non-frivolous, public-interest submission supported by official documents.
Under **28 U.S.C. § 1915(a)(1)**, the Court's discretion is limited to determining indigence and frivolousness. The record contains no finding disputing either.

The denial of IFP status, without factual basis or explanation, constitutes **clear error** and a violation of due process under **Boddie v. Connecticut**, 401 U.S. 371 (1971).

E. Reconsideration Serves the Interests of Justice

PROMESA governs the restructuring of over $70 billion in public debt and impacts the constitutional rights of hundreds of thousands of citizens.
The evidence submitted by Movant raises credible allegations that the statute's

implementation rests upon misrepresentations to Congress and the courts. Allowing reconsideration ensures judicial integrity, transparency, and the preservation of evidence critical to public accountability.

ERRONEOUS CHARACTERIZATION OF THE EVIDENCE AS "FANCIFUL"

11. The Court's Order described my filings as "fanciful and baseless," relying on prior characterizations from unrelated proceedings. That conclusion is **objectively contradicted** by official determinations from multiple independent authorities who have reviewed portions of the same evidence.

12. The **U.S. Securities and Exchange Commission's Office of the Whistleblower** formally ruled that my disclosures were **"specific, significant, and credible,"** confirming that the material raised legitimate concerns of securities fraud involving Puerto Rico's bond issuances.

13. The **California State Bar** and the **U.S. Department of Justice Office of Professional Responsibility** have pending investigations arising directly from the same documentary evidence. In addition, the **Ninth Circuit Judicial Misconduct Committee** has accepted and advanced my complaint for full investigation (Docket No. 25-90081), establishing that the evidence has met preliminary thresholds of reliability and public interest.

14. These independent bodies' determinations refute any suggestion that the evidence presented to this Court is "fanciful" or "nonsensical." On the contrary, the attached *Amicus Curiae* exhibits include government-produced FOIA records, internal Treasury-SEC correspondence, and the HR 1049 report — all official documents obtained through lawful requests.

15. The Court's dismissal of such materials without review or hearing constitutes a **manifest misapprehension of fact** and contributes to the need for reconsideration.

III. PRAYER FOR RELIEF

WHEREFORE, **Movant respectfully requests** that this Honorable Court:

1. **Vacate** its Order denying Dkt. 5835 and Dkt. 5836;
2. **Grant leave** to proceed *In Forma Pauperis* pursuant to **28 U.S.C. § 1915**;
3. **Accept and preserve** the *Amicus Curiae* brief and its attached evidence as part of the permanent record;
4. **Acknowledge** that the prior "vexatious litigant" designation was not legally sufficient and should not be given effect in this jurisdiction;
5. **Recognize and fulfill** the Court's obligations to preserve and review the material evidence now on file; and
6. Grant such other and further relief as may be just and proper.

Exhibit A – Declaration Attached

Respectfully submitted,

/s/ Richard R. Lawless

Richard R. Lawless, *Pro Se*
30279 Redding Avenue
Murrieta, CA 92563
951-440-5230
richardrlawless@gmail.com

Dated: October 9, 2025

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Motion for Reconsideration was served via U.S. Mail and/or the Court's CM/ECF system upon all registered counsel, including the Financial Oversight and Management Board for Puerto Rico and the U.S. Trustee (Region 21), on this 9th day of October 2025.

/s/ Richard R. Lawless
Richard R. Lawless

EXHIBIT A

DECLARATION OF RICHARD R. LAWLESS IN SUPPORT OF MOTION FOR RECONSIDERATION OF IFP DENIAL

I. INTRODUCTION

I, **Richard R. Lawless,** declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the following statements are true and correct to the best of my knowledge and belief.

This declaration is submitted in support of my **Motion for Reconsideration** of the Court's Order denying my Motion to Proceed *In Forma Pauperis* ("IFP") and Motion for Leave to File *Amicus Curiae* (Dkt. 5835 and 5836) in **Case No. 17-BK-4780 (LTS)**.

II. PERSONAL AND FINANCIAL BACKGROUND

1. I am a **federal whistleblower** under the **Dodd–Frank Wall Street Reform and Consumer Protection Act**, with an SEC Whistleblower File that was formally deemed "specific, significant, and credible" by the Securities and Exchange Commission's Office of the Whistleblower.

2. My disclosures from 2010 forward detailed systemic fraud in the issuance and concealment of **Puerto Rico municipal bonds**, evidence later substantiated through Freedom of Information Act (FOIA) releases from the **Department of the Treasury** and the **SEC**. These records are now included in my *Amicus Curiae* submission (Dkt. 5836).

3. I am **not employed** and have no steady source of income. My limited assets consist of modest personal property and necessary living items.

4. My current financial situation is further burdened by the costs of multiple federal legal proceedings, including two appeals pending in the **Ninth Circuit Court of Appeals** (Nos. 25-5780 and 25-6000) and underlying civil-

rights cases in the **Central District of California** (Nos. 5:25-cv-00773-JWH-SP and 5:25-cv-01599-JWH-SP).

5. I have no savings sufficient to pay filing or court fees in the Southern District of New York or any other federal jurisdiction. I rely primarily on Social Security and intermittent family support to meet basic living expenses.

6. My application to proceed *In Forma Pauperis* was therefore truthful, complete, and filed in good faith under **28 U.S.C. § 1915(a)(1)**.

III. LEGAL DEFECTS IN THE "VEXATIOUS LITIGANT" DESIGNATION

7. The Order denying my IFP motion relies upon the statement that I was designated a "vexatious litigant" by the U.S. District Court for the Central District of California in **Lawless v. United States**, 2025 WL 2602770 (Aug. 28, 2025).

8. That characterization is **procedurally and legally insufficient** under governing Ninth Circuit precedent, specifically **De Long v. Hennessey**, 912 F.2d 1144 (9th Cir. 1990), which sets four mandatory requirements before any litigant may be declared vexatious:
   - (1) Notice and an opportunity to be heard;
   - (2) An adequate record of prior filings;
   - (3) Substantive findings of frivolousness or harassment; and
   - (4) A narrowly tailored order designed to remedy specific abuses.

9. Judge Holcomb's order **failed to meet all four requirements**:
   - I was **never provided notice or a hearing** prior to designation;
   - The record contained **no detailed list of filings** or conduct showing frivolous or harassing behavior;
   - The order made **no substantive findings** of bad faith, merely subjective characterizations of "beliefs"; and

- The restrictions imposed were **not narrowly tailored**, effectively blocking access to unrelated matters.

10. Accordingly, the designation violates due process and cannot lawfully restrict my participation in this or any other federal proceeding.

11. The designation also carries **no preclusive effect** in the First Circuit or the District of Puerto Rico, as it was issued in a separate jurisdiction on unrelated causes of action. The reliance on that order in this Court's ruling therefore constitutes **clear error**.

IV. JUDICIAL AND ETHICAL OBLIGATIONS OF THE COURT

12. My *Amicus Curiae* filing (Dkt. 5836) contains documentary evidence of material **misrepresentations, omissions, and conflicts of interest** by officials within the **Department of Justice, SEC**, and **Treasury Department** in the administration of PROMESA and the issuance of Puerto Rico bonds.

13. Now that the evidence is **part of the official record**, this Court is legally obligated under:

- **18 U.S.C. § 3057(a)** (requiring judicial referral when evidence of crime or fraud is presented), and
- **Canons 2 and 3 of the Code of Conduct for United States Judges** (requiring impartial review, preservation of evidence, and avoidance of impropriety), to ensure the material is preserved, reviewed, and referred to appropriate authorities as necessary.

14. To summarily deny access to the Court based on financial status or unrelated characterizations would result in **concealment of evidence** already entered into the docket, contrary to the Court's ethical and statutory duties.

V. CONCLUSION

15.I submit this Declaration to affirm that:

- I am **financially unable** to pay filing fees;
- My filings are **made in good faith**, not frivolous or harassing;
- The prior vexatious designation was **procedurally void** and cannot be used to limit my access to justice; and
- The Court has an ongoing duty to **review and preserve** the evidence now before it.

I respectfully request that the Court **reconsider its denial** of IFP status and grant the relief requested in the accompanying motion.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on this 9th day of October 2025.

/s/ Richard R. Lawless

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