

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

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NORA FERNÁNDEZ; AUGUSTO SCHREINER;  
EDDIE TORO VELEZ; VICTOR R. VELA DIEZ  
DE ANDINO; JUAN VIERA; GEORGINA  
VELEZ MONTES; and ESTHER SANTANA, on  
behalf of themselves and all others similarly  
situated,

*Plaintiffs,*

v.

UBS AG; UBS FINANCIAL SERVICES,  
INC.; UBS FINANCIAL SERVICES  
INCORPORATED OF PUERTO RICO; UBS  
TRUST COMPANY OF PUERTO RICO; UBS  
BANK USA; CARLOS V. UBIÑAS; MIGUEL  
A. FERRER; BANCO POPULAR de PUERTO  
RICO; and POPULAR SECURITIES, LLC,

*Defendants.*

No. 1:15-cv-02859 (SHS)

**ANSWER OF DEFENDANT  
POPULAR SECURITIES, LLC  
TO THE AMENDED CLASS  
ACTION COMPLAINT**

**ANSWER OF DEFENDANT POPULAR SECURITIES, LLC TO THE AMENDED  
CLASS ACTION COMPLAINT**

Defendant Popular Securities, LLC (“Popular Securities”)<sup>1</sup> through its undersigned counsel,<sup>2</sup> answers the Amended Class Action Complaint, dated May 8, 2015

<sup>1</sup> The Amended Complaint named Banco Popular de Puerto Rico (“Banco Popular”) as a co-defendant. In its December 7, 2016 ruling (“December 7 Ruling” (ECF No. 127)), this Court dismissed all claims brought against Banco Popular. Accordingly, no response is required to the Amended Complaint’s allegations and claims with respect to Banco Popular. To the extent any answer is required, Popular Securities and Banco Popular deny the allegations.

<sup>2</sup> The other defendants named in this action, UBS AG, UBS Financial Services, Inc., UBS Financial Services Incorporated of Puerto Rico, UBS Trust Company of Puerto Rico, UBS Bank USA (the “UBS Defendants”), Carlos V. Ubiñas and Miguel A. Ferrer are represented by separate counsel. To the extent that allegations or claims contained in the Amended Complaint are not directed at Popular Securities, Popular Securities makes no answer to them.

(“Amended Complaint”), filed in the above-captioned action (“Action”) by plaintiffs Nora Fernandez (“Fernandez”), Augusto Schreiner (“Schreiner), Eddie Toro Velez (“Toro”),<sup>3</sup> Victor R. Vela Diez de Andino (“Vela”),<sup>4</sup> Juan Viera (“Viera”), Georgina Velez Montes (“Velez”) and Ester Santana (“Santana”)<sup>5</sup> (collectively, “Plaintiffs”), as follows:

Popular Securities denies all allegations in the Amended Complaint to the extent that they assert or suggest, individually or collectively, that Popular Securities (i) breached any contractual or fiduciary duty; (ii) engaged in any actionable conduct or is otherwise liable to any Plaintiff; or (iii) Plaintiffs are entitled to any damages or other relief based on the allegations in the Amended Complaint.

Popular Securities denies any averments in the headings and subheadings of the Amended Complaint.

Except as otherwise indicated, the responses herein with respect to Popular Securities are made on personal knowledge with respect to certain allegations specifically relating to Popular Securities, and on information and belief with respect to all other allegations.

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<sup>3</sup> Popular Securities avers that the December 7 Ruling dismissed all claims brought by Toro, who therefore is no longer a party to this Action. Accordingly, no response is required to the Amended Complaint’s allegations and claims with respect to Toro. To the extent any answer is required, Popular Securities denies the allegations.

<sup>4</sup> Popular Securities avers that the December 7 Ruling dismissed Vela’s claims for (i) breach of fiduciary duty, (ii) aiding and abetting, and (iii) breach of good faith and fair dealing (together with the claims brought by Toro and those against Banco Popular, the “Dismissed Claims”). Accordingly, no response is required to the Amended Complaint’s allegations and claims with respect to these claims. To the extent any answer is required, Popular Securities denies the allegations.

<sup>5</sup> Plaintiffs Fernandez, Schreiner, Viera, Velez, and Santana are not customers of Popular Securities and therefore no response is required as to any claims they bring. To the extent an answer is required, Popular Securities denies the allegations and further denies that Plaintiffs Fernandez, Schreiner, Viera, Velez, and Santana are entitled to any damages or other relief from Popular Securities.

In further response to the Amended Complaint, Popular Securities states as follows:

1. Popular Securities denies the allegations in Paragraph 1.

2. To the extent that allegations contained in Paragraph 2 of the Amended Complaint are not related to any of the Jointly-Managed Funds,<sup>6</sup> Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 2. Further denies that the allegations in Paragraph 2 fully and accurately describe the Jointly-Managed Funds, and respectfully refers the Court to the Jointly-Managed Fund's prospectuses for a complete and accurate statement of their contents.

3. To the extent that allegations contained in Paragraph 3 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 3.

4. Popular Securities denies the allegations in Paragraph 4, and respectfully refers the Court to the Jointly-Managed Fund's prospectuses for a complete and accurate statement of their contents.

5. To the extent that allegations contained in Paragraph 5 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 5, except admits and avers that (i) Popular Securities served as one of the underwriters for certain Puerto Rico bond offerings, some of which were held by the Jointly-Managed Funds, and (ii) Popular

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<sup>6</sup> As used herein, the "Jointly-Managed Funds" refers to certain closed-end mutual funds listed in Paragraph 42(a) of the Amended Complaint that are co-managed by Banco Popular and certain UBS Defendants. Excerpts of prospectuses and offering circulars of certain Jointly-Managed Funds are attached to the June 18, 2015 declaration of James F. Ianelli, ECF No. 88-5 – 88-8.

Securities sold shares of the Jointly-Managed Funds to their clients and earned compensation. Popular Securities respectfully refers the Court to the Jointly-Managed Funds' prospectuses for a complete and accurate statement of their contents.

6. To the extent that allegations contained in Paragraph 6 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 6.

7. The allegations contained in Paragraph 7 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 7.

8. To the extent that allegations contained in Paragraph 8 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 8, except respectfully refers to (i) the Plaintiffs' respective client relationship agreements, client agreements, and disclosures; and (ii) Popular Securities' website during the relevant time period for the contents thereof.

9. The allegations contained in Paragraph 9 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 9.

10. Popular Securities avers that Paragraph 10 purports to state legal conclusions as to which no further response is required. To the extent a response is required, Popular Securities denies the allegations in Paragraph 10.

11. To the extent that allegations contained in Paragraph 11 of the Amended Complaint are not directed to Popular Securities or the Jointly-Managed Funds, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 11.

12. To the extent the allegations in Paragraph 12 are not directed at Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 12. Further Popular Securities denies the allegations against Popular Securities, except respectfully refers the Court to the documents referenced in Paragraph 12 for a complete and accurate statement of its contents.

13. The allegations contained in Paragraph 13 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 13.

14. The allegations contained in Paragraph 14 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 14.

15. Popular Securities denies the allegations in Paragraph 15, except admits and aver that Paragraph 15 purports to state the remedies sought by Plaintiffs, but denies that Plaintiffs are entitled to such relief. Further, Popular Securities avers that Paragraph 15 purports to state legal conclusions as to which no further response is required.

16. Popular Securities avers that Paragraph 16 purports to state legal conclusions as to which no further response is required, and to the extent an answer is required, states that Securities Litigation Uniform Standards Act of 1998 applies to this action. Popular Securities further avers that they lack knowledge or information sufficient to form a belief as to the citizenship of Plaintiffs.

17. Popular Securities avers that Paragraph 17 purports to state legal conclusions as to which no further response is required.

18. Popular Securities avers that the first clause in the first sentence of Paragraph 18 purports to state legal conclusions as to which no further response is required and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 18.

19. Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 19.

20. Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 20.

21. Popular Securities avers that the December 7 Ruling dismissed all claims brought by Toro and Toro is therefore no longer a party to this Action. Accordingly, no response is required to the Amended Complaint's allegations and claims with respect to Toro. To the extent any answer is required, Popular Securities denies the allegations in Paragraph 21, except admits and avers that Toro is a customer of Popular Securities and purchased and/or held shares of Puerto Rico Investors Tax-Free Fund III, Inc. and Puerto Rico Investors Tax Free Fund, V Inc.

22. Popular Securities denies the allegations in Paragraph 22, except admits and avers that Vela is a customer of Popular Securities and purchased and/or held shares of Puerto Rico Fixed Income Fund, Inc. and Puerto Rico Investors Tax Free Fund VI.

23. Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 23.

24. Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 24.

25. The allegations contained in Paragraph 25 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 25.

26. The allegations contained in Paragraph 26 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 26.

27. The allegations contained in Paragraph 27 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 27.

28. The allegations contained in Paragraph 28 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 28.

29. The allegations contained in Paragraph 29 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 29.

30. The allegations contained in Paragraph 30 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 30, except admits and avers that plaintiffs purport to assert claims as described therein.

31. The allegations contained in Paragraph 31 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 31.

32. The allegations contained in Paragraph 32 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 32.

33. The allegations contained in Paragraph 33 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 33.

34. The allegations contained in Paragraph 34 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an



answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 34.

35. The allegations contained in Paragraph 35 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 35.

36. The allegations contained in Paragraph 36 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 36.

37. Denies that the allegations in Paragraph 37 fully and accurately describe Popular Securities, respectfully refers the Court to the Popular, Inc. Annual Report for the fiscal year ended December 31, 2013 for a statement of its business, and admits and avers that Popular Securities (i) is a securities brokerage firm registered with the Financial Industry Regulatory Authority; (ii) is a subsidiary of Popular, Inc., of which Banco Popular is also a subsidiary; (iii) conducts business in Puerto Rico; and (iv) had \$4 billion in assets under management as of December 31, 2013.

38. Denies the allegations in Paragraph 38 fully and accurately describe Banco Popular, except admits and avers that Banco Popular (i) is the largest bank in Puerto Rico, registered and headquartered in Puerto Rico; (ii) had 171 branches and 599 ATMs in Puerto Rico as of December 31, 2013; and (iii) has an asset management division. Popular Securities respectfully refers the Court to Popular, Inc.'s periodic public filings for a statement of its

business. Popular Securities further avers that the December 7 Ruling dismissed all claims against Banco Popular and therefore no response is required.

39. Paragraph 39 states a conclusion to which no response is required.

40. Popular Securities denies the allegations in Paragraph 40.

41. Popular Securities denies the allegations in Paragraph 41, except admits and avers that the named individuals were officers and/or directors of Popular Securities and/or Banco Popular at various points in time.

42. Popular Securities denies the allegations in Paragraph 42, denies the allegations in Paragraph 42(a), except respectfully refers the Court to the Jointly-Managed Funds' prospectuses and the testimony referenced in Paragraph 42(a) for a complete and accurate statement of their contents. Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 42(b) as to the investments of purported class members.

43. Popular Securities denies the allegations in Paragraph 43, except admits and avers that Puerto Rican residents are able to invest in the Jointly-Managed Funds and respectfully refers the Court to the Jointly-Managed Funds' prospectuses for a complete and accurate statement of their terms including the respective structure, investment objectives and risk factors for each of the Jointly-Managed Funds.

44. Popular Securities denies the allegations in Paragraph 44, except respectfully refers the Court to the Jointly-Managed Funds' prospectuses for a full and complete statement of their terms.

45. To the extent the allegations contained in Paragraph 45 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 45,

except respectfully refers the Court to the Jointly-Managed Funds' prospectuses and to the correspondence with the SEC referenced in Paragraph 45 for a full and complete statement therein.

46. Popular Securities denies the allegations in the first sentence of Paragraph 46, except admits that the Jointly-Managed Funds are not registered under the Investment Company Act of 1940 (the "1940 Act") and refers to the 1940 Act for the contents thereof. The second sentence of Paragraph 46 purports to state a legal conclusion to which no response is required. To the extent that a response is required, Popular Securities denies the remaining allegations in Paragraph 46.

47. To the extent that allegations contained in Paragraph 47 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. The first and last sentences of Paragraph 47 purport to state a legal conclusion to which no response is required. Popular Securities denies the remaining allegations in Paragraph 47.

48. To the extent that allegations contained in Paragraph 48 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. Popular Securities denies the remaining allegations in Paragraph 48, except respectfully refers the Court to the Jointly-Managed Funds' prospectuses for a complete and accurate statement of their contents, including disclosures, investment objectives and risk factors.

49. To the extent that allegations contained in Paragraph 49 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. Otherwise, Paragraph 49 purports to state a legal conclusion to which no response is required. Further avers that Plaintiffs' breach of fiduciary duty claims have been dismissed. To the extent a response is required, denies the allegations of Paragraph 49.

50. To the extent that allegations contained in Paragraph 50 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. Further avers that Plaintiffs' breach of fiduciary duty claims have been dismissed. Otherwise, Popular Securities denies the allegations in Paragraph 50, and respectfully refers the Court to the Popular marketing materials referenced in Paragraph 50 for a complete and accurate statement of their contents.

51. The allegations contained in Paragraph 51 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 51.

52. The allegations contained in Paragraph 52 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 52.

53. The allegations contained in Paragraph 53 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 53.

54. The allegations contained in Paragraph 54 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 54.

55. The allegations contained in Paragraph 55 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 55.

56. The allegations contained in Paragraph 56 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 56.

57. Popular Securities denies the allegations of Paragraph 57, except respectfully refers the Court to the agreements signed by Vela and further admits and avers that Popular Securities is bound to operate in compliance with all applicable laws, rules and regulations.

58. Popular Securities denies the allegations of Paragraph 58, except respectfully refers the Court to Popular Securities' website during the relevant time period for a complete and accurate statement of its contents. Popular Securities further avers that the alleged quotes from the Popular website were taken as of the date the Amended Complaint was filed and may not have been the same as of the purchase of any Jointly-Managed Fund by Mr. Vela.

59. The first, second, fourth and last sentences of Paragraph 47 purport to state a legal conclusion to which no response is required. Popular Securities denies the remaining allegations of Paragraph 59, except respectfully refers the Court to the Plaintiffs' client relationship agreements and disclosures for the full and accurate statement of their contents.

60. To the extent that allegations contained in Paragraph 60 of the Amended Complaint are not directed to Popular Securities or the Jointly-Managed Funds, Popular

Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 60.

61. To the extent that allegations contained in Paragraph 61 of the Amended Complaint are not directed to Popular Securities or the Jointly-Managed Funds, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 61.

62. To the extent that allegations contained in Paragraph 62 of the Amended Complaint are not directed to Popular Securities or the Jointly-Managed Funds, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 62, except to respectfully refers the Court to the Jointly-Managed Funds' prospectuses, annual reports, and list of holdings for a complete and accurate statement of their contents.

63. The allegations contained in Paragraph 63 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 63 and respectfully refers the Court to the Conway MacKenzie, Inc. report referenced in Paragraph 63 for a complete and accurate statement of its contents.

64. The allegations contained in Paragraph 64 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of Paragraph 64. Popular Securities admits that, according to its 2012 Annual Report, Puerto Rico Investors Tax-Free Fund IV, Inc.

owned more than \$151 million face amount of bonds issued by PR Employees Retirement and COFINA and denies the remaining allegations in Paragraph 64, except respectfully refers the Court to the document referenced in Paragraph 64 for a complete and accurate statement of its contents.

65. To the extent that allegations contained in Paragraph 65 of the Amended Complaint are not directed to Popular Securities or the Jointly-Managed Funds, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of Paragraph 65.

66. Popular Securities avers that the first sentence of Paragraph 66 purports to state legal conclusions as to which no further response is required. To the extent an answer is required, Popular Securities denies the allegations in the first sentence of Paragraph 66 and the remaining allegations in Paragraph 66, except respectfully refers the Court to the Jointly-Managed Funds' prospectuses for a complete and accurate statement of their contents, including but not limited to discussion of waivers relating to the Investment Companies Act.

67. Popular Securities avers that the first two sentences of Paragraph 67 purports to state legal conclusions as to which no further response is required. To the extent a response is required, Popular Securities denies the allegations in the first two sentences of Paragraph 67. To the extent the allegations in Paragraph 67 do not refer the Jointly-Managed Funds, Popular Securities denies information or knowledge sufficient to form a belief as to the truth of those allegations. To the extent the remaining allegations in Paragraph 67 refer to the Jointly-Managed Funds, Popular Securities respectfully refers the Court to the Jointly-Managed Funds' prospectuses for a complete and accurate statement of their contents, including but not limited to

the disclosures regarding the Jointly-Managed Funds' allowable leverage ratios, investment objectives, risk factors and exemption status under the 1940 Act.

68. Popular Securities denies the allegations in Paragraph 68, except respectfully refers the Court to the Jointly-Managed Funds' prospectuses for a complete and accurate statement of their contents and refers to the Jointly-Managed Funds' annual reports for information regarding the respective holdings of each of the Funds. Further, Popular Securities denies sufficient knowledge or information sufficient to form a belief as to the truth of the sixth sentence in Paragraph 68.

69. Popular Securities denies the allegations in Paragraph 69, except respectfully refers the Court to the Jointly-Managed Funds' prospectuses for a complete and accurate statement of their contents, including their respective structures, investment objectives and risk factors.

70. The allegations contained in Paragraph 70 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 70.

71. The allegations contained in Paragraph 71 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 71.

72. The allegations contained in the first sentence of Paragraph 72 of the Amended Complaint are not directed to Popular Securities and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information



sufficient to form a belief as to the truth of the allegations in the first sentence of Paragraph 72. To the extent the allegations contained in the second sentence of Paragraph 72 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in the second sentence of Paragraph 72.

73. To the extent that the allegations contained in Paragraph 73 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 73, except admits that Popular Securities served as one of the underwriters for certain Puerto Rico government bonds.

74. To the extent the allegations in the first and fourth sentence of Paragraph 74 are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in the first and fourth sentence of Paragraph 74. To the extent the allegations relate to Popular Securities, denies the allegations in Paragraph 74, except respectfully refers the Court to the documents referenced in Paragraph 74 for a complete and accurate statement of their contents and admits that Popular Securities served as one of the underwriters for certain Puerto Rico government bonds.

75. Popular Securities denies the allegations in Paragraph 75.

76. Popular Securities denies the allegations in Paragraph 76, except admits and avers that Popular Securities served as one of the underwriters for certain Puerto Rico bond offerings, some of which were held by the Jointly-Managed Funds.

77. Popular Securities denies the allegations in Paragraph 77.

78. To the extent that the allegations contained in Paragraph 78 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 78, except respectfully refers the Court to the Jointly-Managed Funds' prospectuses for the terms stated therein.

79. To the extent that the allegations contained in Paragraph 79 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 79, except respectfully refers the Court to the Jointly-Managed Funds' prospectuses for the terms stated therein.

80. To the extent that allegations contained in Paragraph 80 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of Paragraph 80.

81. To the extent that the allegations contained in the first sentence of Paragraph 81 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in the first sentence of Paragraph 81. The allegations contained in the second and third sentences of Paragraph 81 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies information or knowledge sufficient to form a belief as to the truth of the allegations in the second and third sentence of Paragraph 81. Popular Securities denies the allegations in the fourth sentence of Paragraph 81, except admits that Popular Securities served as one of the

underwriters for certain Puerto Rico bond offerings, some of which were held by the Jointly-Managed Funds.

82. Popular Securities denies the allegations in Paragraph 82.

83. Popular Securities denies the allegations in Paragraph 83.

84. Popular Securities denies the allegations in Paragraph 84. Popular Securities further denies knowledge or sufficient information sufficient to form a belief as to the average age of putative Class members. Popular Securities avers that Plaintiffs' breach of fiduciary duty claims have been dismissed.

85. To the extent the allegations contained in Paragraph 85 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in the first sentence of Paragraph 85 and denies the allegations in Paragraph 85, except respectfully refers the Court to the Jointly-Managed Funds' prospectuses for a complete and accurate statement of their contents.

86. The allegations contained in Paragraph 86 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 86.

87. To the extent the allegations contained in Paragraph 87 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in the first sentence of Paragraph 87 and denies knowledge or information sufficient to form a belief as to the truth of the allegations in the remainder of Paragraph 87.

88. The allegations contained in Paragraph 88 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 88.

89. The allegations contained in Paragraph 89 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 89.

90. The allegations contained in Paragraph 90 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 90.

91. The allegations contained in Paragraph 91 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 91.

92. The allegations contained in Paragraph 92 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 92.

93. The allegations contained in Paragraph 93 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an

answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 93.

94. To the extent the allegations contained in Paragraph 94 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in the first and second sentence of Paragraph 94 and denies knowledge or information sufficient to form a belief as to the truth of the allegations in the third sentence of Paragraph 94.

95. Popular Securities denies the allegations in Paragraph 95.

96. Popular Securities avers that Paragraph 96 purports to state legal conclusions as to which no further response is required. To the extent a response is required, Popular Securities denies the allegations in Paragraph 96. Popular Securities further avers that Plaintiffs' fiduciary duty claims have been dismissed.

97. To the extent that the allegations contained in Paragraph 97 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 97.

98. To the extent that the allegations contained in Paragraph 98 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 98.

99. To the extent that the allegations contained in Paragraph 99 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 99.

100. To the extent that the allegations contained in Paragraph 100 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them.

To the extent an answer is required, Popular Securities denies the allegations in the first sentence of Paragraph 100 and denies knowledge or information sufficient to form a belief as to the truth of the allegations in the second, third, fourth and fifth sentences of Paragraph 100.

101. To the extent that the allegations contained in Paragraph 101 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in the second, third and fourth sentences of Paragraph 101 and denies knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentences of Paragraph 101.

102. To the extent that the allegations contained in Paragraph 102 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in the second, third, fourth and fifth sentences of Paragraph 102 and denies knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentences of Paragraph 102.

103. The allegations contained in Paragraph 103 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 103.

104. The allegations contained in Paragraph 104 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 104.

105. The allegations contained in Paragraph 105 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an

answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 105.

106. The allegations contained in Paragraph 106 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 106.

107. The allegations contained in Paragraph 107 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 107.

108. The allegations contained in Paragraph 108 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 108.

109. The allegations contained in Paragraph 109 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 109.

110. The allegations contained in Paragraph 110 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 110.

111. The allegations contained in Paragraph 111 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 111.

112. The allegations contained in Paragraph 112 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 112.

113. The allegations contained in Paragraph 113 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 113.

114. The allegations contained in Paragraph 114 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 114.

115. The allegations contained in Paragraph 115 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 115.

116. The allegations contained in Paragraph 116 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a



belief as to the truth of the allegations in Paragraph 116. Popular Securities avers that the first sentence of Paragraph 116 purports to state legal conclusions, and respectfully refers the Court to the SEC website during the relevant time period for a complete and accurate statement of its contents.

117. The allegations contained in Paragraph 117 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 117.

118. The allegations contained in Paragraph 118 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 118.

119. The allegations contained in Paragraph 119 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 119.

120. The allegations contained in Paragraph 120 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 120.

121. The allegations contained in Paragraph 121 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an

answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 121.

122. To the extent that the allegations contained in Paragraph 122 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 122. Further avers that the December 7 Ruling dismissed Plaintiff's fiduciary duty claims.

123. To the extent that the allegations contained in Paragraph 123 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in the first and second sentences of Paragraph 123 and denies knowledge or information sufficient to form a belief as to the truth of the allegations in the last sentence of Paragraph 123.

124. The allegations contained in Paragraph 124 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations of the first sentence of Paragraph 124 and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 124.

125. Popular Securities denies the allegations in Paragraph 125, except respectfully refers the Court to the documents referenced in Paragraph 125 for a complete and accurate statement of the contents therein.

126. Popular Securities denies the allegations in Paragraph 126, except respectfully refers the Court to the documents referenced in Paragraph 126 for a complete and accurate statement of the contents therein.

127. To the extent the allegations contained in Paragraph 127 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in the first and second sentences of Paragraph 127 and denies the allegations in the third and fourth sentences of Paragraph 127, except respectfully refers the Court to the Jointly-Managed Funds' prospectuses for a complete and accurate statement of their contents.

128. To the extent the allegations contained in Paragraph 128 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in the first sentence of Paragraph 128 and denies knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of Paragraph 128.

129. To the extent the allegations contained in Paragraph 129 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in the first sentence of Paragraph 129 and denies knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of Paragraph 129.

130. To the extent the allegations contained in Paragraph 130 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 130.

131. Popular Securities denies the allegations in Paragraph 131.

132. Popular Securities denies the allegations in Paragraph 132, except respectfully refers the Court to the Jointly-Managed Funds' annual reports for a complete and accurate statement therein.

133. Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 133, except respectfully refers the Court to the documents referenced therein for a complete and accurate statement of its contents.

134. The allegations contained in Paragraph 134 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 134.

135. To the extent the allegations contained in Paragraph 135 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in the first sentence of Paragraph 135, except respectfully refers to the Moody's, S&P and Fitch reports and for their full content. Further, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of Paragraph 135.

136. Popular Securities denies the allegations in Paragraph 136, except respectfully refers the Court to the Standard & Poor's report, Moody's report and letter referenced in Paragraph 136 for a complete and accurate statement of their contents. To the extent the allegations contained in Paragraph 136 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them.

137. Popular Securities denies the allegations in Paragraph 137.

138. The allegations contained in Paragraph 138 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 138.

139. To the extent the allegations contained in Paragraph 139 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in the first sentence of Paragraph 139 and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 139.

140. Popular Securities denies the allegations in Paragraph 140, except respectfully refers the Court to the documents referenced in Paragraph 140 for a complete and accurate statement of its contents.

141. The allegations contained in Paragraph 141 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 141, including all subparts of Paragraph 141.

142. To the extent the allegations contained in Paragraph 142 of the Amended Complaint are not directed to Popular Securities, Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies the allegations in Paragraph 142, except respectfully refers the Court to the document referenced in Paragraph 142 for a complete and accurate statement of its contents.

143. Popular Securities avers that Paragraph 143 purports to state legal conclusions as to which no further response is required. To the extent a response is required, Popular Securities

denies the allegations in Paragraph 143, except admits and avers that Plaintiff purports to bring a putative class action as described therein.

144. Popular Securities avers that Paragraph 144 purports to state legal conclusions as to which no further response is required, except admits that it describes Plaintiffs' purported class period as being from May 5, 2008 through May 5, 2014 and further avers that after the December 7 Ruling no claims against Popular Securities remain prior to 2011.

145. Popular Securities avers that Paragraph 144 purports to state legal conclusions as to which no further response is required.

146. Popular Securities avers that Paragraph 146 purports to state legal conclusions as to which no further response is required. To the extent a response is required, denies the allegations in Paragraph 146.

147. Popular Securities denies the allegations in Paragraph 147. Popular Securities further avers that Paragraph 147 purports to state legal conclusions as to which no further response is required.

148. Popular Securities denies the allegations in Paragraph 148. Popular Securities further avers that Paragraph 148 purports to state legal conclusions as to which no further response is required.

149. Popular Securities avers that Paragraph 149 purports to state legal conclusions as to which no further response is required. To the extent a response is required, Popular Securities denies the allegations in Paragraph 149.

150. Popular Securities avers that Paragraph 150 purports to state legal conclusions as to which no further response is required. To the extent a response is required, Popular Securities denies the allegations in Paragraph 149.

151. Popular Securities repeats and reasserts responses to the allegations of paragraphs 1 through 150 of the Amended Complaint as if fully set forth herein, except denies that the allegations in Paragraph 151 constitute a claim to which any response is required. To the extent that a response is required, Popular Securities denies the allegations in Paragraph 151.

152. The allegations contained in Paragraph 152 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 152.

153. The allegations contained in Paragraph 153 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 153.

154. The allegations contained in Paragraph 154 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 154.

155. The allegations contained in Paragraph 155 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 155.

156. The allegations contained in Paragraph 156 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an

answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 156.

157. The allegations contained in Paragraph 157 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 157.

158. The allegations contained in Paragraph 158 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 158.

159. Popular Securities repeats and reasserts responses to the allegations of paragraphs 1 through 158 of the Amended Complaint as if fully set forth herein, except denies that the allegations in Paragraph 159 constitute a claim to which any response is required. To the extent that a response is required, Popular Securities denies the allegations in Paragraph 159.

160. The allegations contained in Paragraph 160 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 160.

161. The allegations contained in Paragraph 161 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 161.



162. The allegations contained in Paragraph 162 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 162.

163. The allegations contained in Paragraph 163 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 163.

164. The allegations contained in Paragraph 164 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 164.

165. The allegations contained in Paragraph 165 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 165.

166. The allegations contained in Paragraph 166 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 166.

167. The allegations contained in Paragraph 167 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an

answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 167.

168. Popular Securities repeats and reasserts responses to the allegations of paragraphs 1 through 167 of the Amended Complaint as if fully set forth herein, except denies that the allegations in Paragraph 168 constitute a claim to which any response is required. Further Popular Securities avers that the December 7 Ruling dismissed Count III of the Amended Complaint and therefore no further response is required. To the extent that a response is required, Popular Securities denies the allegations in Paragraph 168.

169. Popular Securities avers that the December 7 Ruling dismissed Count III of the Amended Complaint and therefore no further response is required. To the extent that a response is required, Popular Securities denies the allegations in Paragraph 169.

170. Popular Securities avers that the December 7 Ruling dismissed Count III of the Amended Complaint and therefore no further response is required. To the extent that a response is required, Popular Securities denies the allegations in Paragraph 170.

171. Popular Securities avers that the December 7 Ruling dismissed Count III of the Amended Complaint and therefore no further response is required. Further Popular Securities avers that the December 7 Ruling dismissed Count III of the Amended Complaint and therefore no further response is required. To the extent that a response is required, Popular Securities denies the allegations in Paragraph 171.

172. Popular Securities avers that the December 7 Ruling dismissed Count III of the Amended Complaint and therefore no further response is required. Further Popular Securities avers that Paragraph 172 purports to state legal conclusions as to which no further response is

required. To the extent a response is required, Popular Securities denies the allegations in Paragraph 172.

173. Popular Securities avers that the December 7 Ruling dismissed Count III of the Amended Complaint and therefore no further response is required. Popular Securities further avers that Paragraph 173 purports to state legal conclusions as to which no further response is required. To the extent a response is required, Popular Securities denies the allegations in Paragraph 173.

174. Popular Securities avers that the December 7 Ruling dismissed Count III of the Amended Complaint and therefore no further response is required. Popular Securities further avers that Paragraph 174 purports to state legal conclusions as to which no further response is required. To the extent a response is required, Popular Securities denies the allegations in Paragraph 174.

175. Popular Securities repeats and reasserts responses to the allegations of Paragraphs 1 through 174 of the Amended Complaint as if fully set forth herein, except denies that the allegations in Paragraph 175 constitute a claim to which any response is required. Popular Securities further avers that the December 7 Ruling dismissed Count IV of the Amended Complaint and therefore no further response is required. To the extent that a response is required, Popular Securities denies the allegations in Paragraph 175.

176. Popular Securities avers that the December 7 Ruling dismissed Count IV of the Amended Complaint and therefore no further response is required. To the extent that a response is required, Popular Securities denies the allegations in Paragraph 176.

177. Popular Securities avers that the December 7 Ruling dismissed Count IV of the Amended Complaint and therefore no further response is required. Popular Securities further

avers that Paragraph 177 purports to state legal conclusions as to which no further response is required. To the extent a response is required, Popular Securities denies the allegations in Paragraph 177.

178. Popular Securities avers that the December 7 Ruling dismissed Count IV of the Amended Complaint and therefore no further response is required. Popular Securities further avers that Paragraph 178 purports to state legal conclusions as to which no further response is required. To the extent a response is required, Popular Securities denies the allegations in Paragraph 178.

179. Popular Securities avers that the December 7 Ruling dismissed Count IV of the Amended Complaint and therefore no further response is required. Popular Securities further avers that Paragraph 179 purports to state legal conclusions as to which no further response is required. To the extent a response is required, Popular Securities denies the allegations in Paragraph 179.

180. Popular Securities avers that the December 7 Ruling dismissed Count IV of the Amended Complaint and therefore no further response is required. Popular Securities further avers that Paragraph 180 purports to state legal conclusions as to which no further response is required. To the extent a response is required, Popular Securities denies the allegations in Paragraph 180.

181. Popular Securities avers that the December 7 Ruling dismissed Count IV of the Amended Complaint and therefore no further response is required. Popular Securities further avers that Paragraph 181 purports to state legal conclusions as to which no further response is required. To the extent a response is required, Popular Securities denies the allegations in Paragraph 181.

182. Popular Securities repeats and reasserts responses to the allegations of Paragraphs 1 through 181 of the Amended Complaint as if fully set forth herein, except denies that the allegations in Paragraph 182 constitute a claim to which any response is required. To the extent that a response is required, Popular Securities denies the allegations in Paragraph 182.

183. The allegations contained in Paragraph 183 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 183.

184. The allegations contained in Paragraph 184 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 184.

185. The allegations contained in Paragraph 185 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 185.

186. The allegations contained in Paragraph 186 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 186.

187. The allegations contained in Paragraph 187 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an

answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 187.

188. The allegations contained in Paragraph 188 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 188.

189. The allegations contained in Paragraph 189 of the Amended Complaint are not directed to Popular Securities, and Popular Securities makes no answer to them. To the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 189.

190. Popular Securities avers that Paragraph 190 purports to state legal conclusions as to which no further response is required.

191. Popular Securities denies the allegations in Paragraph 191.

192. Popular Securities denies the allegations in Paragraph 192

193. Popular Securities denies the allegations in Paragraph 193.

194. Popular Securities denies the allegations in Paragraph 194.

To the extent that the Amended Complaint sets forth any allegations that Popular Securities have not responded to in the foregoing paragraphs, such allegations are denied or if any unanswered allegations in the Amended Complaint are not directed to Popular Securities, to the extent an answer is required, Popular Securities denies knowledge or information sufficient to form a belief as to the truth of the allegations.

### **PRAYER FOR RELIEF**

Popular Securities denies that Plaintiffs are entitled to relief, and respectfully requests that the Court dismiss all claims against them with prejudice and order such further relief as the Court deems just and proper.

### **DEFENSES**

Popular Securities asserts the following additional and affirmative defenses without assuming the burden of production, persuasion, or proof if such burdens would otherwise be on Plaintiffs. Popular Securities reserves the right to assert other defenses if and when they become appropriate.

#### **FIRST DEFENSE**

By the December 7 Ruling, the Court dismissed the Dismissed Claims, which include (1) all of Toro's claims; and (2) Vela's claims for (i) breach of fiduciary duty, (ii) aiding and abetting, and (iii) breach of good faith and fair dealing. The December 7 Ruling also dismissed all claims brought against Banco Popular. Accordingly, no response is required with respect to claims in regard to Dismissed Claims or Banco Popular.

#### **SECOND DEFENSE**

The claims asserted against Popular Securities fail to allege facts sufficient to state a claim upon which relief may be granted.

#### **THIRD DEFENSE**

Plaintiffs' claims are barred because Popular Securities acted in accordance with the terms of the agreements.

#### **FOURTH DEFENSE**

Plaintiffs' claims are barred, in whole or in part, because Plaintiffs' agreements provided that they accepted full responsibility for all investment decisions and transaction orders.

FIFTH DEFENSE

Plaintiffs' claims fail, in whole or in part, because their alleged damages or injury resulted from plaintiffs' own investment decisions and not the actions or omissions of Popular Securities.

SIXTH DEFENSE

Plaintiffs' claims fail, in whole or in part, because Defendants accurately and completely disclosed all information required to be disclosed by the parties' agreements.

SEVENTH DEFENSE

Plaintiffs' claims are barred, in whole or in part, because some or all of the Plaintiffs or members of the putative class have no recoverable damages or are too speculative or remote, and because of the impossibility of the proof of these alleged damages.

EIGHTH DEFENSE

Plaintiffs' claims are barred, in whole or in part, because some or all of plaintiffs lack standing.

NINTH DEFENSE

Plaintiffs' claims are barred, in whole or in part, because any decline in the price of the Jointly-Managed Funds was caused by independent intervening or superseding causes for which Defendants cannot be held responsible.

TENTH DEFENSE

Plaintiffs' claims are barred, in whole or in part, because any alleged risk was fully disclosed in the Jointly-Managed Funds' offering documents and prospectuses.



ELEVENTH DEFENSE

Plaintiffs' claims are barred, in whole or in part, because the design and terms of the Jointly-Managed Funds mandated inclusion of Puerto Rico Obligations as defined in the Jointly-Managed Funds' prospectuses.

TWELFTH DEFENSE

Popular Securities is informed and believes, and on that basis asserts, that Plaintiff's and the putative class members' (if any) claims against Popular Securities are barred, in whole or in part, by laches, equitable estoppel, waiver, or other related equitable doctrines.

THIRTEENTH DEFENSE

The purported claims against Popular Securities and the allegations upon which they are based are improperly vague, ambiguous, and confusing. Popular Securities reserves the right to request a more definite statement.

FOURTEENTH DEFENSE

Popular Securities is absolved from any and all liability for the wrongs alleged in the Amended Complaint by reason of its full compliance with all agreements, statutes, regulations, or other laws in effect at the time of the conduct alleged in the Amended Complaint.

FIFTEENTH DEFENSE

Plaintiffs' claims are barred, in whole or in part, because their allegations are based on extra-contractual terms that were not part of the parties' agreements.

SIXTEENTH DEFENSE

The putative class is not certifiable under Rule 23 of the Federal Rules of Civil Procedure.

SEVENTEENTH DEFENSE

Any alleged damages or injuries suffered by Plaintiffs or any putative class members were not legally caused by Popular Securities.

EIGHTEENTH DEFENSE

Plaintiffs' claims and/or the claims of members of the class that they purport to represent are barred, in whole or in part, by the applicable statutes of limitations and repose.

NINETEENTH DEFENSE

Plaintiffs' claims and/or the claims of members of the class that they purport to represent are barred, in whole or in part, because they are preempted by the Securities Litigation Uniform Standards Act of 1998.

TWENTIETH DEFENSE

Plaintiffs' claims and/or the claims of members of the class that they purport to represent are barred, in whole or in part, because their claim for relief is moot.

TWENTY-FIRST DEFENSE

Plaintiffs' claims and/or the claims of members of the class that they purport to represent are barred, in whole or in part, by the doctrines of unclean hands and *in pari delicto*.

TWENTY-SECOND DEFENSE

Plaintiffs' claims and/or the claims of members of the class that they purport to represent are barred, in whole or in part, because they failed to mitigate, minimize, or avoid their damages, if any.

**RESERVATION OF RIGHTS TO ASSERT ADDITIONAL DEFENSES**

Defendants have not knowingly or intentionally waived any applicable defenses, and reserve the right to assert and rely upon other applicable defenses that may become available

or apparent during discovery in this matter. Defendants reserve the right to amend or seek to amend their Answer and/or the Affirmative Defenses asserted herein.

### COUNTERCLAIMS

Popular Securities reserves all rights with respect to all counterclaims that may be revealed during the course of discovery.

### POPULAR SECURITIES' PRAYER FOR RELIEF

Based upon the foregoing, Popular Securities prays that this Court denies any relief or request for judgment on behalf of Plaintiff or the putative class members (if any), and dismisses this Action against Popular Securities in its entirety, with prejudice and without further leave to amend. Popular Securities also prays for such other and further relief as may be appropriate or that the Court deems just and proper.

Dated: New York, New York  
January 13, 2017

Respectfully submitted,

          /s/ Joseph E. Neuhaus            
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