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From:	Management <management@recomspr.net>
Sent:	Tuesday, August 18, 2026 6:00 PM
To:	Robert Mujica
Cc:	governor@fortaleza.pr.gov; secretariadelagobernacion@fortaleza.pr.gov; letters@promesa.gov; trivera@senado.pr.gov; glhernandez@senado.pr.gov; cmendez@camara.pr.gov; eavilesdeliz@jrsp.pr.gov; Mary C Zapata-Acosta; Colón Ortiz, Josué A. (AAPP); Mariela Quinones; ocarlo@carlolaw.com; Fabian Velez; Hector.E.Ramirez@usdoj.gov; Hector.E.Ramirez@usdoj.gov
Subject:	Initial Response – Temporary Generation Contract / Power Expectations (FOMB Letter August 17, 2026)
Attachments:	3PPO Response to FOMB TPG Juris RFI 8.18.26 w-attachment.pdf

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Dear Members of the Board,

Please find attached an initial response from the 3PPO to the FOMB's letter dated August 17, 2026, regarding the temporary emergency generation contract with Power Expectations, LLC.

The letter addresses concerns raised regarding due process, alleged conflicts of interest involving O'Neill & Borges, and the referral of fraud allegations to federal and local authorities (including the FBI). Also attached is a letter forwarded to our office by Power Expectations for your review.

We remain available to provide any additional information as needed.

Respectfully,

Fabián Vélez
Third-Party Procurement Office (3PPO)



3PPO
Third-Party Procurement Office

August 18, 2026

Hon. Members of the Financial Oversight and Management Board
San Juan, Puerto Rico

Robert Mujica, Jr.
Executive Director

Re: Temporary Emergency Generation Contract-Power Expectations, LLC; Enchanted Rock, LLC; and Reyes Contractor, LLC

Members of the Board:

The Third-Party Procurement Office ("3PPO") issues this communication as an initial response to the letter date August 17, 2026 regarding the matter of reference.

As you have been previously informed, the allegations of fraud against Power Expectations, LLC regarding the contract executed between said entity, Enchanted Rock and PREPA were referred to the 3PPO for investigation by P3.

In conducting the investigation, we held meetings with representatives of ERock, company that through O'Neil & Borges presented the allegations of fraud on behalf of its subsidiary Enchanted Rock. Also, we held meetings with representatives of Power Expectations, LLC.

It has been informed by Power Expectations, LLC, that its officers were never contacted by the Board and, therefore, not provided with an opportunity to contest the allegations of ERock. According to Power Expectations, notwithstanding the alleged breach of Due Process requirements, of both the Constitution of Puerto Rico and the United States, the Board has directed PREPA to cancel the contract.

Further, Power Expectations, LLC, also takes issue with the fact that, allegedly, O'Neil & Borges has been representing ERock before the FOMB.

It is alleged that in the bankruptcy case under Title III of PROMESA, O'Neill & Borges is expressly listed as "Attorneys for the Financial Oversight and Management Board for Puerto Rico," along with Proskauer Rose, who served as outside counsel.

Also, that in 2022, Judge Laura Taylor Swain heard a motion that precisely requested the permanent disqualification of O'Neill & Borges as counsel of the Fiscal Oversight Board. The court describes O&B as legal counsel to the Oversight Board.

The fee records also identify O'Neill & Borges as "Puerto Rico Counsel to the FOMB" and show fees for those services.

O&B also represented the Board in matters related to PREPA, appearing as counsel for FOMB in its role as PREPA's representative. In short, that O'Neill & Borges was not simply a firm that appeared in cases involving the Board; but was formally hired and compensated as counsel for the FOMB in Puerto Rico.

When you combine elements that include, 1) the urgency that the FOMB has placed in the cancellation of the contract before any formal investigation is conducted by federal and local authorities; 2) the lack of due process echoed by the allegation that the FOMB is acting to cancel a contract without providing all parties the opportunity to be heard, and 3) the alleged existence of conflicts of interest; concerns are raised and should be addressed.

Regarding the issue of due process, recently, the U.S. Court of Appeals for the First Circuit ordered the lawsuit over President Donald Trump's dismissal of three members of the Fiscal Oversight Board to be returned to the U.S. District Court for the District of Puerto Rico. This in view of the Supreme Court's opinion in *Trump v. Cook*, 609 U.S. ___, 146 S.Ct. 2234 (2026).

The Supreme Court held that the President of the United States has to comply with due process considerations impose by Congress for which reason his dismissal of FOMB Board Members is invalid.

We are concerned by the allegations that the FOMB is cancelling a contract on account of the allegations of <u>one</u> party to the contract. Please indicate if the position of the FOMB is that it is exempt from the Due Process Clause of the United States Constitution.

On the other hand, the government of Puerto Rico is required to comply with the Due Process Clause of its Constitution and that of the Constitution of the United States. Typically, a contract in Puerto Rico cannot be cancelled on account of an allegation of fraud unless due process is afforded at an administrative, criminal or civil forum.

With respect to **all** allegations of fraud, conflicts of interests, violations of due process and others that have been brought to our attention, a referral has been made to both local and federal authorities. In our referral we take no position regarding the possible commission of crimes. It is the responsibility of prosecutors, not ours, a determination of whether a prosecutable offense exists. The matter has already been referred, by the U.S. Attorney’s Office for the District of Puerto Rico, to the Federal Bureau of Investigation FBI).

We are also contemplating a referral to the Securities and Exchange Commission (SEC) regarding allegations we have received that fall within that Commission’s jurisdiction.

Finally, we have included copy of a letter forwarded to our office by Power Expectations for your review and consideration.

Osvaldo Carlo Linares,
President
Third-Party Procurement Office (3PPO)

CC: Hon. Jenniffer Gonzalez Colón
Hon. Thomas Rivera Schatz
Hon. Carlos J. Méndez Núñez
Chairman Edison Aviles
Hon. Lourde Gómez Torres
Dir. Mary Zapata
Dir. Josué Colón
Héctor Ramirez Carbó- United States Attorney District of Puerto Rico
Carlos R. Goris- Special Agent in Charge Federal Bureau of Investigation

*Attachment: Power Expectations letter dated August 18, 2026

Power Expectations
Suite 12 , 654 Plaza, Luis Muñoz Rivera Ave, San Juan, Puerto Rico 00918

August 18, 2026

Osvaldo Carlo Linares, Esq
President
Third-Party Procurement Office (3PPO)
San Juan, Puerto Rico
Sent Via Email: ocarlo@recomspr.com

Re: Denial of Due Process, Failure to Provide Notice and Opportunity to Be Heard, and Improper Revocation of Contract TPG2 Project (3PPO-0314-20-TPG2)

Dear Mr. Carlo:

We write on behalf of Power Expectations, LLC and the SPV that includes Flotek Industries, and Reyes Contractor Group, LLC ("SPV") to formally object to and challenge the action taken by the Financial Oversight and Management Board for Puerto Rico ("FOMB") to revoke, terminate, cancel, suspend, or otherwise adversely affect the SPV's rights under the above-referenced contract.

The SPV has learned through the local media that the FOMB received and apparently considered a complaint or adverse allegation concerning the SPV and that, notwithstanding the serious consequences of that complaint, the FOMB never provided the SPV with notice of the complaint, the allegations being asserted, the evidence purportedly supporting those allegations, or any meaningful opportunity to respond before taking adverse action against the SPV and revoking the contract.

If confirmed, this procedure is fundamentally inconsistent with the most basic requirements of due process of law. According to a press report, the FOMB received a complaint, a letter or a notification on August 7, 2026, questioning the representations of the signatories in the contract. The FOMB then move to revoke its own approval without ever notifying the SPV.

The FOMB cannot receive allegations against a contracting party, consider those allegations in deciding to affect the party's contractual and property interests, and then deprive that party of its rights without first giving the affected party notice and a meaningful opportunity to present its side of the matter, absent a legally sufficient basis for immediate action.

As you are well aware, 3PPO has served as the sole point of contact for all matters relating to RFP 3PPO-0314-20-TPG2. From the outset, following clear and undisputed instructions, we have engaged no governmental entity directly without routing communications through 3PPO. Furthermore, every request for information throughout this extensive and competitive process has been properly channeled exclusively via 3PPO.

Should the FOMB have any concerns or require additional information, it would be incumbent upon 3PPO to formally request such details from the SPV, in accordance with the established and customary procedures. The risk of an erroneous decision is especially substantial where the FOMB has considered only one side of a disputed matter. A filed complaint or a published news report are **allegations**, not a finding or established truth.

The SPV is entitled to know what it is accused of doing, what evidence the FOMB relied upon, what contractual or legal provisions the FOMB believes were violated, and what factual findings support the decision.

As you are well aware, Article II, Section 7 of the Constitution of the Commonwealth of Puerto Rico provides that, "No person shall be deprived of his liberty or property without due process of law…". The constitutional protection is not limited to individuals. It protects legally cognizable property interests from arbitrary governmental deprivation, including interests affected by governmental administrative action.

The United States Constitution likewise protects against governmental deprivation of protected property interests without **due process** under the Fourteenth Amendment when state action is involved. Where federal governmental action is involved, the corresponding protection arises under the Fifth Amendment.

The fundamental principle that both the FOMB failed to uphold in notifying the SPV is clear: **the government cannot make an adverse determination affecting a protected interest based on allegations or evidence without providing the affected party an opportunity to contest them.**

The United States Supreme Court has repeatedly recognized that due process requires an opportunity to be heard at a meaningful time and in a meaningful manner based on *Mathews v. Eldridge*, 424 U.S. 319 (1976). The Puerto Rico Supreme Court has likewise recognized that procedural due process requires a fair and impartial governmental process and has adopted the *Mathews* framework. Among the recognized safeguards are adequate notice, an opportunity to be heard, the ability to examine and challenge adverse evidence, and a decision based upon the record.

Those fundamental safeguards appear to have been absent here.

Accordingly, if the FOMB relied upon a complaint or allegations against the SPV as a basis for revoking or terminating the SPV's contract without first providing the SPV with notice and an opportunity to respond, the FOMB's action is subject to serious challenge as being contrary to statute, arbitrary and capricious, procedurally defective, and constitutionally infirm.

The SPV's rights under the contract constitute legally significant interests that cannot simply be disregarded through an undisclosed administrative process.

The FOMB's decision to revoke or terminate the contract has potentially substantial consequences for the SPV's property and contractual interests, including, among other things the SPV's contractual rights; amounts due or potentially due under the contract; expenditures and investments made in reliance upon the contract; personnel and resources committed to performance; business relationships established in reliance upon the FOMB's representations and contractual obligations; the SPV's ability to continue performing under the contract; and the SPV's reputation and ability to participate in future governmental business.

The SPV is particularly concerned that the FOMB may have made its decision based upon information, statements, documents, or allegations that were never disclosed to the SPV and which the SPV therefore had no opportunity to challenge. An administrative FOMB cannot fairly adjudicate a controversy by permitting one side to present its case privately while denying the opposing party any meaningful opportunity to respond.

Accordingly, the SPV hereby demands that the FOMB:

1. Immediately suspend and/or rescind the revocation of the SPV's contract pending a lawful determination of the matter;

2. The SPV demands disclosure of the complete administrative record relating to the complaint and the FOMB's decision, subject only to legitimate and specifically applicable confidentiality or privilege protections.

3. Identify the person or entity that submitted the complaint, to the extent disclosure is legally required or permitted;

4. Please provide detailed information regarding potential conflicts of interest within the FOMB. Specifically, the FOMB must clarify whether an attorney affiliated with Oneil & Borges, a law firm serving as one of the FOMB's legal consultants, has approached any FOMB officer on behalf of ERock, Inc., notwithstanding any conflict-of-interest considerations.

We have received reports alleging possible interference by Attorney Javier Vázquez-Morales, who have engaged in multiple meetings with government officials in an effort to influence and interfere in the contractual relationships between Power Expectations and the Autoridad de Energía Eléctrica (AEE). Such conduct may constitute unlawful actions warranting further investigation.

Additionally, we request full disclosure of any interventions or lobbying activities conducted by the attorneys and lobbyists of the McConnell Valdés Law Firm. Media reports indicate that the uncle of the FOMB's Director of Revitalization, Mr. José Pérez Riera, represents Javelin Commodities, which is a competitor participating in the Request for Proposals.

5. Provide copies of all documents, reports, communications, photographs, statements, investigative materials, and other evidence upon which the FOMB relied in taking or recommending adverse action against the SPV and provide the factual findings upon which the FOMB based its decision. Also, identify every contractual, statutory, regulatory, or other legal provision allegedly violated by the SPV;

6. Provide the factual findings upon which the FOMB based its decision;

7. Identify the official, committee, the board itself, or other FOMB's body that made or authorized the decision to revoke the FOMB determination;

8. Provide the date on which the decision was made and a copy of the actual written decision, resolution, determination, or order;

9. Provide the complete administrative record concerning this matter;

10. Provide the SPV with a meaningful opportunity to submit a written response, documentary evidence, legal arguments, and, where appropriate, to participate in a hearing before any final adverse action is maintained;

11. Preserve all records relating to this matter, including emails, text messages, electronic communications, internal memoranda, meeting notes, investigative materials, and communications with the complainant or any third party; and

12. Confirm in writing that no further adverse action will be taken against the SPV based upon the complaint until the SPV has been afforded the process required by law.

To the extent the FOMB has already issued a determination to revoke its approval this letter shall also constitute a formal request for reconsideration and/or administrative review to the fullest extent permitted by applicable law, without waiving any additional or different procedural requirements that may apply.

The SPV expressly reserves all rights to seek judicial review and all other remedies available under Puerto Rico and federal law.

Given the seriousness of this matter, we request a written response within **five (5) business days** confirming whether the FOMB received a complaint against the SPV; whether that complaint was considered in connection with the contract; the legal authority relied upon by the FOMB; the evidence relied upon, beyond a media report; the identity of the individual making the complaint and the decision-maker; the procedural mechanism by which the SPV was supposedly afforded an opportunity to be heard; and the steps the FOMB will take to cure the denial of due process.

If the FOMB contends that no hearing or opportunity to respond was required, please identify the specific statutory, regulatory, contractual, or other legal authority upon which that position is based, including any claimed emergency or other exception to the ordinary procedural requirements.

The government is entitled to enforce its contracts and protect the public interest. It is not, however, entitled to do so by secretly adjudicating allegations against a contractor, relying upon undisclosed evidence, and depriving the contractor of a meaningful opportunity to defend itself.

The SPV respectfully demands that the 3PPO and FOMB immediately correct this procedural defect and afford the SPV the process to which it is entitled before any adverse determination affecting its contractual rights is allowed to stand. The SPV expects from both entities to treat this matter with the seriousness required by the constitutional and statutory rights at issue.

Nothing contained herein should be construed as a waiver of any contractual, statutory, constitutional, administrative, or judicial right or remedy. The SPV expressly reserves all rights to seek judicial review and all other remedies available under Puerto Rico and federal law.

Respectfully,

Eddie Echevarria
CEO
Power Expectations LLC

Eddie Echevarria

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