

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

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In re:	:
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LEHMAN BROTHERS INC.,	: Case No. 08-01420 (JMP) SIPA
	:
Debtor.	:
	:
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DECLARATION OF MAURICIO BARRETO

Mauricio Barreto declares as follows:

1. I submit this declaration at the request of Hipotecas de America, S.A.
2. It is my understanding that the Trustee for Lehman Brothers, Inc. ("LBI") has is seeking to deny Hipotecas customer status for a certain portion of its account.
3. During the relevant time, I was the LBI account representative working on the Hipotecas account.
4. My education background is as follows: I graduated from the Universidad de los Andes, in Bogota, Colombia with a degree in Economics in 1993. I also obtained an MBA from Florida International University in 1998.
5. During the relevant time period, I maintained a Series 7, Series 63, and Series 66 registrations.
6. I was first employed in the Miami office of LBI from 1997-2002. During that time I was a retail broker, focusing on high-net worth individuals from

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Colombia. After my first employment at LBI, I returned to work in Colombia. In 2007, I accepted an offer to return to the Miami office of LBI, to again work primarily with clients from Colombia. After the bankruptcy of LBI, I worked at Barclays for a few months before returning to Colombia. Since January 2015, I have been Senior Vice President at Neuberger Berman working in Bogota, Colombia.

7. In early 2008, I was working in the Private Investment Management ("PIM") division of LBI in its Miami office which specializes in servicing Latin American customers. PIM was the branch of LBI that serviced high-net worth individuals, assisting these clients with wealth management strategies. Other divisions of LBI serviced institutions. My role was solely on the retail side of LBI. I never undertook to raise capital for LBI itself, nor did I ever facilitate any loans to LBI or engage in anything other than the most typical PIM transactions with respect to retail customers.

8. Hipotecas is a holding company that was used by the Villamizar family to manage its wealth. I first became aware of this company through the family who I have known for several years from Colombia. My primary contact with the family was Alejandro Villamizar.

9. In or about January 2008, members of the Villamizar family attended a presentation in New York by LBI personnel with the object of getting the Villamizar family to open an account at LBI. At that presentation, a slide show was prepared that proposed a diversified portfolio of equities, hedge funds, and fixed

income investments. The proposed total investment was \$7 million. Initially, the fixed income portion was intended to consist of domestic (United States) bonds. The Villamizar family would make their investment through Hipotecas, a personal holding company.

10. In the weeks that followed, I sent several emails to Alejandro Villamizar. A revised presentation was sent to Mr. Villamizar on January 23, 2008. Later total investment amount was reduced to \$6 million. Mr. Villamizar wanted to use margin in the fixed income portion of the account, that is to borrow money to purchase a greater amount of bonds than the Villamizars' cash contribution.

11. On February 14, 2008, I sent Mr. Villamizar a proposal to convert the fixed income portion of the portfolio into emerging market corporate bonds. This was my recommendation because the bonds would have "positive carry", i.e., the coupon payments would be larger than any payments due to LBI.

12. To be clear, it was my idea, my suggestion, and my advice that Hipotecas enter into repurchase agreements with LBI. Hipotecas did not seek out LBI for the purpose of engaging in repos.

13. In fact, I also selected the individual bonds. I recommended and advised Hipotecas to buy bonds in 8 Latin American companies, as reflected in the spreadsheet entitled "HypotecasdeAmericaIdea2.xls". Ultimately, Hipotecas bought 7 of the bonds.

14. Hipotecas did not own any of the bonds before it came to LBI. Hipotecas deposited cash, and Hipotecas' cash was used to purchase the bonds.

15. Hipotecas initially deposited \$6 million in cash in LBI on February 15, 2008. Approximately \$4 million was dedicated to the other parts of the portfolio, and approximately \$2 million was dedicated to the bond portion of the portfolio.

16. When Hipotecas opened its accounts, there should also be agreements opening the brokerage account. Furthermore, for the purchases of the bonds, there should also be order tickets.

17. I understand that other institutional parties submitted account statements to this Court that originated from the MTS system. Because Hipotecas' account was a different kind of account, Hipotecas statements were not generated using the MTS system.

18. With respect to the bond portion of the portfolio, together with the Villamizar family, six companies were selected: EEB International, Ltd., a Colombian electricity distribution company, TGI International, Ltd., a Colombian gas company, Axtel S.A.B. de C.V., a Mexican telecommunications company, Centrais Electrica Brasileiras, S.A., a Brazilian electric company, Isa Capital do Brasil, S.A., a Brazilian electric utility holding company, and Bancolombia, S.A., a Colombian bank.

19. In April 2008, with the assistance of my advice, Hipotecas added a position in Cemex S.A.B. de C.V., a Mexican building supplies company.

20. The statement from March 2008, when Hipotecas first acquired its positions, shows that Hipotecas held \$3,072,499.59 worth of bonds.

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21. As Hipotecas did not own any bonds, LBI had to acquire them for Hipotecas' account. The price at which the bonds were acquired for Hipotecas was indicated on the statement. In acquiring these bonds for Hipotecas, LBI was under its fiduciary duty to obtain these bonds at the best price for its customer.

22. In all economic respects, Hipotecas' repo account was identical to an ordinary margin account. Hipotecas benefitted from the appreciation of the bonds (or lost if they decreased in value) and retained the right to the coupon payments.

23. As Hipotecas was entitled to the coupon payments, it was LBI's responsibility to receive that payment from the issuer and correctly apply it to Hipotecas' account. Here, as it was handling property that belonged to Hipotecas, LBI was acting in a fiduciary capacity.

24. Hipotecas' repo positions were what are known as "open" repos. That means that Hipotecas maintained its position as long as it desired to and could undo the repo at any time. Unlike the term repos, where a fixed repurchase price is agreed to as of a given date, here Hipotecas was to pay interest at a rate of 3.7% on the margin, i.e., on the approximately \$1 million in securities that Hipotecas had in its account beyond its cash contribution.

25. The interest payments were taken out of the coupon payments. As demonstrated in the September 2008 statement, Hipotecas paid LBI \$76,928.61 in interest to LBI, against \$ 118,162.50 in coupon payments received from the bond issuers.

26. I note that during the time that Hipotecas' account(s) were open at LBI, Hipotecas never withdrew any funds nor did it ever receive any cash or securities in exchange for the repos.

27. During the time that Hipotecas' repos were open, I would consult with the family (typically with Alejandro) concerning the performance of the portfolio. I sent updates on the balances in the various portions of the portfolio, including the repos. I treated the repo account no different than a margin account in this respect.

28. After discussing the matter with Mr. Villamizar, based on my analysis and advice, we decided to liquidate one of the positions. In August 2008, Hipotecas liquidated its position in Cemex. Here, to end its position, Hipotecas did not undo the repo, but also sold off the bonds. That process was handled within LBI. Of course, in selling off the bonds, LBI had to follow its fiduciary duty and obtain the best price for Hipotecas.

29. When that sale occurred, LBI sold the bonds on behalf of Hipotecas. As it would with any customer, LBI acted in a fiduciary capacity, e.g., it had a duty to obtain the best price in the market for Hipotecas, its customer. When that sale was complete, the proceeds were handled by LBI - no funds were distributed to Hipotecas. Everything stayed within LBI and the proceeds were used to reduce the Hipotecas' margin. The final statement from LBI, for September 2008, shows that Hipotecas received a total of \$118,162.50 in coupon payments, all of which was handled by LBI and applied to Hipotecas account.

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30. In September 2008, as the markets were in great turmoil, many customers became concerned about the safety of their investments with LBI, as it was clear that Lehman Brothers was in serious danger. During that time, specifically in mid-September, I was in contact with Alejandro Villamizar. During my conversations with Mr. Villamizar, I discussed the safety of Hipotecas' positions should the firm collapse.

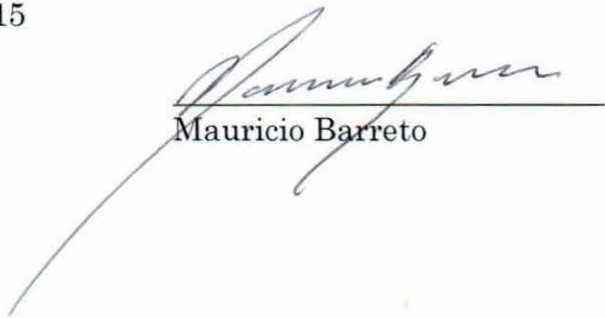
31. At that time, LBI's brokerage operations were functioning. As Hipotecas' repos were open repos, Hipotecas could have liquidated its position at any time, just as any securities account holder.

32. During this time, I consulted with in-house personnel specifically regarding the repo portion of Hipotecas portfolio. Among the people who I spoke with was Shaun Lawrence, who at that time was a director and the head of the central repo trading desk. Mr. Lawrence confirmed to me that the repos would be protected, even in the event that LBI failed. Based on those reassurances, shortly before LBI collapsed, I had a meeting with Alejandro Villamizar where I informed him that Hipotecas' positions, including its repo positions, would not be threatened by the collapse of Lehman Brothers and LBI.

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

Dated: Bogota, Colombia
August 11, 2015


Mauricio Barreto