

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF PUERTO RICO

Peter David Schiff v. Internal Revenue Service, et al.

Schiff · No. Civil No. 25-1511 (CVR) · Decided March 12, 2026

SUMMARY

The United States District Court for the District of Puerto Rico adopted a magistrate judge’s report and recommendation and granted motions to dismiss claims against the Puerto Rico Commissioner of Financial Institutions, Commissioner Natalia Zequeira, and Trustee Wigberto Lugo Mender. The court held that Eleventh Amendment immunity and a broad release in a bank-liquidation consent order barred claims against OCIF and the defendants in their official capacities, while the remaining personal-capacity claims were inadequately pleaded or otherwise unavailable. All claims against these defendants were dismissed with prejudice.

CASE DETAILS

COURT	United States District Court for the District of Puerto Rico
WRITING FOR THE COURT	Camille L. Velez Rive
JURISDICTION	United States District Court for the District of Puerto Rico
DECIDED	March 12, 2026
DOCKET	Civil No. 25-1511 (CVR)
DISPOSITION	dismissed
PROCEDURAL POSTURE	The district court reviewed de novo the plaintiff's objections to a magistrate judge's report and recommendation recommending dismissal of claims against the Puerto Rico Commissioner of Financial Institutions, its commissioner in official and personal capacities, and the institution's trustee in his official capacity. The court adopted the report and recommendation and granted defendants' motions to dismiss under Federal Rules of Civil Procedure 12(b)(1) and 12(b)(6).
STANDARD OF REVIEW	De novo review of specifically challenged portions of a magistrate judge's report and recommendation under 28 U.S.C. § 636(b)(1)(C) and Federal Rule of Civil Procedure 72(b); clear-error review for portions not specifically objected to; plain-error review for recommendations not meaningfully challenged. On a Rule 12(b)(6) motion, well-pleaded facts are accepted as true and reasonable inferences are drawn for the plaintiff, but the complaint must contain enough factual matter to state a plausible claim.

PRECEDENTIAL VALUE	unpublished district court opinion
PARTIES	Peter David Schiff v. Internal Revenue Service, Puerto Rico Commissioner of Financial Institutions, Natalia Zequeira, Wigberto Lugo Mender, Other defendants

TOPICS

motions to dismiss

section 1983

eleventh amendment immunity

civil procedure

defamation

PRACTICE AREAS

civil procedure

constitutional law

civil rights

administrative law

torts

QUESTIONS PRESENTED

1. Whether the Puerto Rico Commissioner of Financial Institutions is an arm of the Commonwealth entitled to Eleventh Amendment immunity from the asserted claims.
2. Whether Eleventh Amendment immunity extends to claims against the commissioner and trustee in their official capacities.
3. Whether a broad release in the bank-liquidation consent order waived the plaintiff's claims arising from the liquidation.
4. Whether the personal-capacity claims against the commissioner satisfied Rule 12(b)(6), including the claims under §§ 1983 and 1985(3), the Bivens claim, and the tort claims.
5. Whether the plaintiff was entitled to amend his pleadings for a third time or have documents attached to his objections considered.
6. Whether the motions to dismiss should be granted and the claims dismissed with prejudice.

HOLDINGS

1. The Puerto Rico Commissioner of Financial Institutions is an arm of the Commonwealth and is immune from the plaintiff's claims for damages; that immunity extends to the commissioner and trustee sued in their official capacities.
2. The plaintiff's broad release in the consent order for the bank's liquidation waived claims against the Commissioner of Financial Institutions, the commissioner as an agency officer, and the trustee arising from the liquidation.
3. The personal-capacity § 1983 claims against Commissioner Zequeira failed to state a plausible claim because the amended complaint offered only conclusory allegations and did not explain how her conduct violated applicable law or the plaintiff's constitutional rights.
4. The Bivens claim against Commissioner Zequeira failed because she was a state, rather than federal, actor.

5. The § 1985(3) claim failed because the amended complaint did not adequately plead the alleged conspiracy, the relationship or cooperation among the actors, or class-based discriminatory animus.
6. The tortious-interference claim failed because Puerto Rico law requires an existing contract and the alleged stock sale never came into existence; the defamation claim failed because the amended complaint attributed no defamatory statements to Commissioner Zequeira.
7. The court properly denied the plaintiff's request to amend his pleadings for a third time and declined to consider documents and arguments submitted for the first time with his objections.

KEY QUOTATIONS

“The release is broad and applies to “any and all claims, demands, damages, debts, liabilities, obligations, contracts agreements, causes of action, suits, of whatever nature, character or description, that Euro Pacific may have or may hereafter have or claim to have against each other” regarding the liquidation.” (at 8)

“Accordingly, the Motions to Dismiss filed by OCIF and Commissioner Zequeira (Docket No. 195) and Trustee Lugo (Docket No. 164) are GRANTED, and all claims against them are DISMISSED WITH PREJUDICE.” (at 10)

FACTUAL BACKGROUND

Peter David Schiff owned Euro Pacific International Bank, which was investigated by the Internal Revenue Service, the Puerto Rico Commissioner of Financial Institutions, and the Joint Chiefs of Global Tax Enforcement. A proposed \$17.5 million stock sale to Qenta was blocked by the Commissioner, after which the bank entered receivership and its assets were sold to Qenta for \$1.25 million. Schiff alleged that statements made at a June 2022 press conference and actions taken during the liquidation damaged his reputation and caused financial loss. He asserted constitutional, Bivens, and tort claims against the government entities and officials involved.

PROCEDURAL HISTORY

Plaintiff filed claims under 42 U.S.C. §§ 1983 and 1985(3), a Bivens claim, and tort claims arising from the closure and liquidation of his bank. The magistrate judge recommended dismissal of all claims against the defendants at issue on Eleventh Amendment immunity, waiver, pleading, limitations, and claim-specific grounds. Plaintiff objected, sought leave to amend for a third time, and submitted documents not presented to the magistrate judge. The district court declined to consider the new materials, denied further amendment, found the objections meritless or waived, adopted the report and recommendation in full, and dismissed the claims with prejudice.

DISPOSITION

dismissed

CASES CITED

- Bivens v. Six Unknown Named Agents of the Federal Bureau of Narcotics, 403 U.S. 388 (1971)

- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555, 570 (2007)
- Erickson v. Pardus, 551 U.S. 89, 93 (2007)
- Gargano v. Liberty Int’l Underwriters, Inc., 572 F.3d 45, 48-49 (1st Cir. 2009)
- Ocasio-Hernández v. Fortuño-Burset, 640 F.3d 1, 12 (1st Cir. 2011)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Total Petroleum Puerto Rico Corp. v. Fonseca-Marrero, Civil No. 16-2436 (PAD), 2018 WL 6131777, at *1 (D.P.R. 2018)
- Ponsa-Rabell v. Santander Securities, LLC, Civil No. 17-2243 (CCC), 2020 WL 4219685, at *1 (D.P.R. 2022)
- Rodríguez-González v. Astrue, 854 F. Supp. 2d 176, 178 (D.P.R. 2012)
- Aponte-Torres v. Univ. of Puerto Rico, 445 F.3d 50, 58 (1st Cir. 2006)
- Sarria Ortega v. Agosto Alicea, Civil No. 02-2038 (PG), 2005 WL 2297540, at *9 (D.P.R. Sept. 21, 2005)
- Borden v. Secretary of Health & Hum. Servs., 836 F.2d 4, 6 (1st Cir. 1987)
- United States v. Zannino, 895 F.2d 1, 17 (1st Cir. 1990)

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