

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 2

IN THE MATTER OF:

Palmas Lakes, Inc.
PO Box 191334
San Juan, Puerto Rico 00919

and

F&R Contractors Corp.
PO Box 9932
San Juan, Puerto Rico 00908

**Harbour Lakes Residencial
Development**

RESPONDENTS

DOCKET NUMBER CWA-02-2007-3418

PROCEEDING PURSUANT TO SECTION 309(G)
OF THE CLEAN WATER ACT, 33 U.S.C. § 1319(),
TO ASSESS CLASS II CIVIL PENALTY

U.S. ENVIRONMENTAL
PROTECTION AGENCY-REG. II
2008 MAY 15 PM 1:53
REGIONAL HEARING
CLERK

STATUS REPORT

To the Honorable Court:

Comes now the Complainant to the instant action and very respectfully
avers and prays as follows:

1. The parties to the instant action were ordered to hold a
settlement conference on or before April 25, 2008, to attempt to reach an
amicable resolution of this matter.

2. The Complainant was to report on the status of the negotiations by
May 9, 2008. The Complainant apologizes for not having filed the status
report by this date.

3. The parties have not set a date for the settlement conference due to the fact that there are possible conflicts in the legal representation being provided by Mr. Rafael Toro, who, as the Court noted in the Pre Hearing Order, filed separate answers to the complaint on behalf of the Respondents.

4. Attorney Hilda Quiñones Rivera had appeared on behalf of Respondent F&R Contractors Corporation in response to an Administrative Compliance Order, CWA-02-2007-3072. This Administrative Compliance Order stems from the same factual basis than the penalty order before this Court.

5. The undersigned and attorney Toro had a telephonic conversation this morning in which they agreed that the undersigned would file this motion informing the court of this situation.

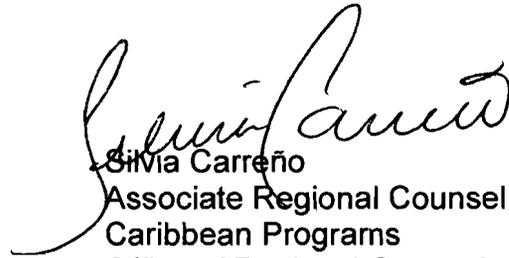
6. Attorney Toro will discuss the possible conflict of interest with his clients and clarify what Attorney Quiñones Rivera's role will be in these proceedings.

7. If Attorney Toro stays as both Respondents' counsel, then the parties to this action will meet by May 22, 2008 and Complainant will file a new status report by May 23, 2008. This extension of time does not alter or affect the pre-hearing order or other deadlines imposed by the Court.

8. The parties apologize for the situation and request that the brief extension of time requested be granted to hold the settlement conference and file the status report.

WHEREFORE it is respectfully requested that the parties be granted until May 22, 2008, to hold the settlement conference and Complainant until May 23, 2008, to file the status report once the issues regarding Respondents' legal representation are clarified.

Respectfully submitted, In San Juan, Puerto Rico on this 14th day of May.



Silvia Carreño
Associate Regional Counsel
Caribbean Programs
Office of Regional Counsel
U.S. Environmental Protection Agency,
Region 2
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San Juan, Puerto Rico 00907-4127
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CERTIFICATE OF SERVICE

I hereby certify that the foregoing Status Report was sent in the following manner to the addresses listed below:

Copy by Overnight and
Facsimile:

Barbara A. Gunning
Administrative Law Judge
Office of Administrative Law Judges
U.S. Environmental Protection Agency
Mail Code 1900L
1200 Pennsylvania Ave., NW
Washington, D.C. 20460-2001

Original and
Copy by Overnight:

Karen Maples
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