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BANKRUPTCY - PUERTO RICO

In re Financial Oversight and Management Board for Puerto Rico for Puerto Rico

United States Court of Appeals, First Circuit - September 22, 2017 - F.3d - 2017 WL 4216438 - 64 Bankr.Ct.Dec. 173

Unsecured creditors' committee moved to intervene in adversary proceeding arising within the Commonwealth of Puerto Rico's debt adjustment case under Title III of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA).

The United States District Court for the District of Puerto Rico denied motion, and committee appealed.

The Court of Appeals held that:

- Provision of the Bankruptcy Code incorporated into PROMESA, indicating that parties in interest, including creditors' committees, would have right to appear and be heard on any issue in bankruptcy case, gave unsecured creditors' committee an "unconditional right to intervene," within the meaning of Rule governing motions to intervene, but
- Scope of that intervention was a matter committed to district court's discretion.

While unsecured creditors' committee had unconditional right, pursuant to provision of the Bankruptcy Code incorporated into the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), to participate in adversary proceeding arising within the Commonwealth of Puerto Rico's debt adjustment case under Title III of PROMESA, mere fact that committee had right to participate said nothing about the scope of that participation, which was a matter committed to district court's discretion.