

Bond Case Briefs

Municipal Finance Law Since 1971

BANKRUPTCY - PUERTO RICO

In re Financial Oversight and Management Board for Puerto Rico

United States District Court, D. Puerto Rico - February 5, 2019 - F.Supp.3d - 2019 WL 511323

Financial Oversight and Management Board for Puerto Rico filed debt adjustment plan for Puerto Rico Sales Tax Financing Corporation (COFINA) as part of restructuring of debts of Commonwealth of Puerto Rico and its instrumentalities pursuant to Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA).

The District Court held that:

- COFINA's debt adjustment plan complied with applicable provisions of bankruptcy code and procedural rules;
- COFINA's debt adjustment plan was proposed in good faith with legitimate and honest purpose to provide method for Puerto Rico to achieve fiscal responsibility and access to capital markets;
- COFINA's debt adjustment plan sufficiently met requirement for acceptance by each class of claim holders;
- COFINA's debt adjustment plan did not contain any provisions which would require it to violate Puerto Rico or federal constitution or laws;
- COFINA's debt adjustment plan obtained all necessary legislative, regulatory, and electoral approvals;
- COFINA's debt adjustment plan was in best interests of its bondholders; and
- COFINA's debt adjustment plan was feasible.