

Bond Case Briefs

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In re Financial Oversight and Management Board for Puerto Rico

United States District Court, D. Puerto Rico - May 10, 2019 - B.R. - 2019 WL 2070891

In the jointly administered restructuring cases of the Commonwealth of Puerto Rico and various governmental entities pursuant to Title III of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), the Financial Oversight and Management Board for Puerto Rico and the Official Committee of Unsecured Creditors brought adversary proceeding against the Puerto Rico Public Buildings Authority (PBA) in connection with purported PBA lease agreements, and subsequently filed omnibus objection to claims filed or asserted by holders of certain Commonwealth general obligation bonds, seeking to invalidate all such claims.

Ad hoc group of general obligation bondholders then filed conditional objection to claims filed or asserted by PBA bondholders, as well as motion for entry of order establishing conditional omnibus claims-objection procedures. Several parties in interest objected to motion.

The District Court held that the requested motion and related conditional claim objection impermissibly presented a hypothetical request for relief instead of an actual case or controversy.

In adversary proceeding against Puerto Rico Public Buildings Authority (PBA), brought in jointly administered restructuring cases of Commonwealth of Puerto Rico and various governmental entities under Title III of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), the district court lacked jurisdiction to implement conditional omnibus claims-objection procedures requested by ad hoc group of general obligation bondholders in conjunction with its conditional objection to claims filed by PBA bondholders; by means of its objection, group sought to present legal disputes for adjudication that were expressly conditioned on future events that may or may not occur, such that motion and related objection presented hypothetical request for relief instead of actual case or controversy, and sought impermissible advisory opinion.