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The First Circuit Joins Several Other Circuit Courts in Finding That Creditors' Committees Have an Unconditional Right to Intervene in Adversary Proceedings.

On September 22, 2017, the First Circuit Court of Appeals held that § 1109(b) of the Bankruptcy Code (the "Code") provides a creditors' committee with an "unconditional right to intervene" in an adversary proceeding.[1] In reaching this conclusion, the court reversed the District Court for the District of Puerto Rico's order denying an intervention motion and distinguished its own precedent, on which the District Court had relied. This decision further bolsters the right of creditors' committees to intervene in and to be heard on all matters within a bankruptcy case and positions the First Circuit in line with the Second and Third Circuits, which both have similarly concluded that the Code affords an unconditional right to intervene.

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