

# **Bond Case Briefs**

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## **BANKRUPTCY - PUERTO RICO**

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

**United States District Court, D. Puerto Rico - February 4, 2019 - F.Supp.3d - 2019 WL 442075**

In adversary proceeding arising within Commonwealth of Puerto Rico's restructuring case pursuant to Title III of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), Oversight Board, as representative of Commonwealth, filed motion seeking approval of settlement agreement between Commonwealth and Puerto Rico Sales Tax Financing Corporation, which divided rights to flow of tax revenues between Commonwealth and Puerto Rico Sales Tax Financing Corporation (COFINA).

The District Court held that district court would approve proposed settlement agreement.

In adversary proceeding arising within Commonwealth of Puerto Rico's restructuring case pursuant to Title III of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), district court would approve settlement agreement between the Commonwealth and Puerto Rico Sales Tax Financing Corporation, which divided rights to flow of tax revenues between Commonwealth and Puerto Rico Sales Tax Financing Corporation (COFINA); litigation concerning the underlying dispute had been complex and costly, and, absent approval of the settlement agreement, threatened to drag on for months or even years, continuing that litigation would further deplete the resources available to the Commonwealth and its many stakeholders, further litigation would also present a significant gamble for the Commonwealth, as an adverse judgment in the Commonwealth-COFINA dispute could deprive the Commonwealth of billions of dollars of sales tax revenue over the course of decades, and settlement agreement represented reasonable compromise of the dispute.