

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 - January 7, 2020 - F.Supp.3d - 2020 WL 114518

Bondholders moved for appointment of trustee pursuant to provision of Chapter 9 incorporated in the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA).

The District Court held that decision on part of the Financial Oversight and Management Board for Puerto Rico not to pursue cause of action to avoid transfers was neither unjustified nor unreasonable, and did not warrant appointment of trustee.

Decision on part of the Financial Oversight and Management Board for Puerto Rico not to pursue cause of action to avoid transfers effected pursuant to certain public pension-related legislation enacted by the Commonwealth of Puerto Rico was neither unjustified nor unreasonable, and did not warrant appointment of trustee pursuant to a provision of Chapter 9 incorporated in the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA); while pursuing returns for creditors was an important element of the Board's judgments, it is not the exclusive end point of the Board's task, which included consideration of needs, concerns and future of political entity that was home of millions of American citizens, as well as needs, concerns and rights of broad range of parties in interest.