

# **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 - May 21, 2021 - F.Supp.3d - 2021 WL 2071094**

In matter arising within Commonwealth of Puerto Rico's debt adjustment proceeding under Title III of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), union and individuals who were employees of Puerto Rico Electric Power Authority (PREPA) filed motion for preliminary injunction, seeking to enjoin implementation of operation and management agreement between PREPA and power company, whereby company was scheduled to take over operation of PREPA's transmission and distribution system.

The District Court held that:

- Plaintiffs had standing to assert claims based on union's loss of membership or employees' alleged loss of vested rights;
- Plaintiffs lacked standing to assert claim that agreement was null and void based on policy disagreements and broad allegations of societal harm;
- Plaintiffs failed to demonstrate that they were likely to succeed on the merits of their claims for ERISA violations;
- Plaintiffs failed to demonstrate that they were likely to succeed on the merits of their claims for PROMESA violations;
- Plaintiffs failed to demonstrate that they were likely to succeed on the merits of their claims based on Contracts Clause of federal constitution;
- Plaintiffs failed to demonstrate that they were likely to succeed on the merits of their claims for tortious interference with contractual relations; and
- Plaintiffs failed to demonstrate that they were likely to succeed on the merits of their claims for contract in prejudice of third parties.

In matter arising within Commonwealth of Puerto Rico's debt adjustment proceeding under Title III of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), union and individuals who were employees of Puerto Rico Electric Power Authority (PREPA) had Article III standing to assert claims seeking to enjoin implementation of operation and management agreement between PREPA and power company, whereby company was scheduled to take over operation of PREPA's transmission and distribution system, including violations of ERISA, PROMESA, Contracts Clause of federal constitution, tortious interference with contract, and contract in prejudice of third party, to the extent claims were based on union's loss of membership or employees' alleged loss of vested rights that were required to be protected, as those alleged injuries were concrete and particularized.