Proskauer

Proskauer Secures Critical First Circuit Victories for Puerto Rico Financial Oversight & Management Board Preventing Actions to Seize Puerto Rico Revenues

March 10, 2021

NEW YORK, March 10, 2021 – Proskauer, a leading international law firm, today announced that on March 3, 2021, it procured for its client, the Financial Oversight & Management Board for Puerto Rico (the "Board"), wins in two related First Circuit appeals.

Appellants, various bond insurers, had requested permission to prosecute actions to seize substantial Puerto Rico revenues. Specifically, they sought leave to pursue outside the restructuring court, their claims to billions of dollars in tax, license fee, and toll revenues they contend secure bonds they insure and own issued by the Puerto Rico Highways and Transportation Authority ("HTA") and the Puerto Rico Infrastructure and Financing Authority ("PRIFA"). The Title III court had held the insurers failed to establish colorable claims to ownership or other property interests in the revenues and also that the insurers failed to establish cause to issue stay relief.

The First Circuit affirmed, holding the Title III court did not abuse its discretion by declining to grant the requested relief, where the Title III court was already adjudicating the scope of the insurers' alleged liens in separate adversary proceedings. In alignment with the Title III court, the First Circuit held that lifting the stay would not serve the interests of judicial economy and would interfere with the Title III restructuring cases. The First Circuit agreed with the Board that the insurers had failed to establish cause to lift the stay.

The Proskauer HTA team HTA included partners Martin Bienenstock, Mike Mervis (presented oral argument), Mike Firestein, Lary Rappaport, Tim Mungovan, Jeff Levitan, Mark Harris, Margaret Dale, Ehud Barak, John Roberts, Steve Weise and Matt Triggs and associates Elliot Stevens and Adam Deming.

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