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Proskauer Procures Historic Debt Restructuring on Behalf of Financial Oversight and Management Board for Puerto Rico

January 18, 2022

NEW YORK, January 18, 2022 – Proskauer, a leading international law firm, announced today that a historic Plan of Adjustment, filed by its client, the Financial Oversight and Management Board for Puerto Rico, on behalf of the Commonwealth of Puerto Rico and other entities, has been confirmed by U.S. District Court Judge Laura Taylor Swain. This first territorial debt restructuring in the history of the United States is a critical victory for Puerto Rico as it will put an end to its four-year bankruptcy, cut billions in debt, fix a broken pension system and return the Commonwealth to balanced budgets.

“This plan carries out the Oversight Board’s statutory missions to restore fiscal responsibility and market access, and subject to those parameters the plan maximizes creditor recoveries. It provides Puerto Rico and its people a sustainable debt level and facilitates a healthy economy offering bright futures to Puerto Rico and its people,” said Martin Bienenstock, chair of Proskauer’s Business Solutions, Governance, Restructuring and Bankruptcy Group, who leads the Firm’s representation of the Oversight Board.

“Today begins a new chapter in Puerto Rico’s history. Today, Puerto Rico can start to move on from fiscal instability and insolvency into a future of opportunity and growth,” said David A. Skeel, Jr., Chairman of the Financial Oversight and Management Board for Puerto Rico. “We owe Judge Swain a debt of gratitude for her tireless leadership, her exemplary diligence, and her dedication to a fair solution to Puerto Rico’s debt crisis.”

Notably, the restructuring and all related litigation took place under a brand new statute the U.S. Congress designed for Puerto Rico. Prior to the trial on the official debt restructuring, in over one hundred law suits brought by creditors or government entities to stop the Oversight Board from exercising its powers as it believed it should, without the benefit of prior case law providing guide rails, Proskauer succeeded in convincing the trial and appellate courts to interpret the new statute as the Board believed it should be interpreted.

“Through the course of more than a hundred litigations, we shaped new jurisprudence concerning the Financial Oversight and Management Board’s powers and bankruptcy law, all of which led to a largely consensual Title III Plan of Adjustment for the Commonwealth,” said Partner Tim Mungovan, chair of the Firm’s Litigation Department.

The plan, which may be appealed by creditors who opposed it, reduces the debt by 80 percent and saves Puerto Rico more than $50 billion in debt service payments.

The Board will determine an effective date for the Plan of Adjustment.

The Board was created under the bipartisan Puerto Rico Oversight, Management and Economic Stability Act (PROMESA) of 2016.

The Proskauer team’s bankruptcy and litigation attorneys advising and representing Puerto Rico’s Financial Oversight and Management Board were guided by Partners Martin Bienenstock, Brian Rosen and Tim Mungovan, and included Partners Ann Ashton, Ehud Barak, Guy Brenner, Scott Cooper, Margaret Dale, Chantel Febus, Ralph Ferrara, Michael Firestein, Mark Harris, Colin Kass, Jeffrey Levitan, Michael Mervis, Kevin Perra, Paul Possinger, Seetha Ramachandran, Lary Alan Rappaport, Jonathan Richman, John Roberts, Marc Eric Rosenthal, Dietrich Snell, Matthew Triggs, Ana Vermal and Hadassa Waxman, as well as senior counsel Julia Alonzo and Laura Stafford.

About Proskauer

We are 800+ lawyers serving clients from 12 offices located in the leading financial and business centers in the Americas, Europe and Asia. The world's leading organizations, companies and corporations choose us to be their representatives in their most critical situations. But more, they consider Proskauer a strategic partner to drive their business forward. We work with asset managers, major sports leagues, Fortune 500 companies, entertainment industry legends and other industry-redefining companies.

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