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Press Release

Puerto Rico Justice Department will appeal the decision annulling the Puerto Rico Public Corporation Debt Enforcement and Recovery Act

(February 9, 2015) Today, Justice Secretary César Miranda announced that the Justice Department will file an appeal with the U.S. Court of Appeals for the First Circuit in Boston, in response to Judge Francisco Besosa's ruling declaring the Puerto Rico Public Corporation Debt Enforcement and Recovery Act, Act No. 71-2014- unconstitutional.

“After examining the ruling issued by Judge Francisco Besosa, we believe this decision is not in accordance with current law. Furthermore, this ruling leaves Puerto Rico without a legal framework that allows our public corporations to meet their obligations in an orderly manner, without affecting the continuity of essential services to Puerto Rico residents,” Miranda stated.

The Official explained that Act No. 71-2014 was enacted because the U.S. Bankruptcy Court provides that public corporations and other government entities in Puerto Rico cannot avail themselves of the Bankruptcy Code to negotiate the terms of their debts. In addition, the Puerto Rico Recovery Act sought to guarantee debt enforcement and facilitate the recovery of Puerto Rico public corporations.

In addition, Miranda stated that the decision leaves Puerto Rico in a legal limbo because it has been left in a state of defenselessness after there was an organized structure to fulfill commitments with creditors.

“We are being deprived of the sole instrument we had available to manage debt in an orderly fashion. For all practical purposes, the decision allows the disorderly enforcement of public corporations' debts, a consequence which is clearly incompatible with the purposes of the U.S. Bankruptcy Court,” he pointed out.

Finally, the Justice Secretary stated that he is convinced that there is no legal obstacle for Puerto Rico to implement the processes established in Act No. 71, and will consider all legal remedies available so that the Act remains in force.

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