

Pezanosky in Law360: Bankruptcy Cases to Watch in 2018

January 4, 2018 Stephen Pezanosky

PRACTICES Restructuring

Law360 quoted Haynes Boone Partner [Stephen Pezanosky](#) in a preview of big cases ahead in bankruptcy.

With cases that challenge the jurisdictional authority of bankruptcy courts, the extent to which safe harbor rules protect prepetition transfers from clawback, the federal government's efforts to restructure the commonwealth of Puerto Rico, and the durability of the retail industry, 2018 should be an exciting year for restructuring practices across the country, *Law360* [reported](#). ...

In what amounts to the nation's largest municipal bankruptcy, the commonwealth of Puerto Rico and its public companies have been attempting to restructure a crippling \$74 billion public debt load and an additional \$50 billion in pension liabilities.

The bankruptcy-like cases initiated in May under the Puerto Rico Oversight, Management and Economic Stability Act, commonly known as PROMESA, are being used to address a flurry of competing claims for payment while attempting to keep the struggling territory afloat.

The restructuring process, which is being overseen by a federally appointed board of financial professionals, has been complicated by a growing list of disputes, including those over liens on public revenues, over investigations into what caused the debt crisis, and most recently over the devastation caused by Hurricane Maria, which has forced officials to revise fiscal recovery plans altogether.

While Puerto Rico is facing myriad legal disputes, it also lacks a comprehensive plan to revitalize the island and restore investment opportunities, and it's wrapped in uncertainty over the extent to which the federal government will provide financial assistance.

"What will happen going forward is very much in the air," said Stephen Pezanosky, a Haynes Boone attorney.

In spite of the fact that a tangled web of creditor disputes and constitutional challenges had to be resolved before the restructuring cases could be settled, long-term budgetary blueprints were previously in place, and "there at least was a path that folks thought might lead to some kind of a conclusion," Pezanosky said.

"All of that got completely derailed, in our view, when the two hurricanes hit Puerto Rico, particularly Maria," he added. "It just decimated the island." ...

Excerpted from *Law360*. To read the full article, click [here](#) (Subscription required).