

June 1, 2018

Legal Update

PROMESA Proof of Claim Bar Date Extended, Inviting Diligence on Creditors

On May 25, 2018, the United States District Court for the District of Puerto Rico extended the bar date for filing proofs of claim in all the PROMESA Title III bankruptcy cases up to and including June 29, 2018 at 4:00 p.m. Atlantic Standard Time ("AST"). These are Case No. 17 BK 3283, Commonwealth of Puerto Rico filed on May 3, 2017; Case No. 17 BK 3284, Puerto Rico Sales Tax Financing Corporation ("COFINA") filed on May 5, 2017; Case No. 17 BK 3566, Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") filed on May 21, 2017; Case No. 17 BK 3567, Puerto Rico Highways and Transportation Authority ("HTA") filed on May 21, 2017; and Case No. 17 BK 4780, Puerto Rico Electric Power Authority ("PREPA") filed on July 2, 2017.

According to the original order dated February 15, 2018 establishing the previous bar date of May 29, 2018, certain types of claims against the debtors are exempt from the proof of claims filing requirement, however, other classes of creditors are required to file claims. A Master Proof of Claim representing certain classes of creditors, is permitted and authorized to be filed, but such claimants are not required to do so. However, the persons or entities holding these types of claims are not precluded from filing a proof of claim on account of their claims and interests. These are, generally: Bond Claims; Union Claims; and Credit Agreement Claims. Also, the following types of claims generally do not require the filing of a proof of claim: Allowed Claims; Paid Claims; Proofs of Claim already filed; Claims properly scheduled by the debtors in their schedules not classified as disputed, contingent, or unliquidated; PREPA Customer Claims involving deposits, service or billing issues; Pension Claims (not involving litigation); Union or Non-Union Claims (not involving lawsuits or administrative proceedings); Individual Union Members Claims (not involving grievance or arbitration awards); Bondholder Claims without a Trustee or Fiscal Agent; Individual Bondholders covered by timely filed Master Proof of Claim; Individual Credit lender Claims; and, Administrative expenses claims arising after the respective dates of the Title III bankruptcy filings. This is the general rule of interpretation, and as such is specifically subject to the individual facts of each case.

This brief extension of the bar date invites diligence on the creditors who are required to file proofs of claim. A further extension of the bar date is highly unlikely in light of the facts cited in support of the new bar date. Any person or entity required to file a timely proof of claim by June 29, 2018 at 4:00 p.m. Atlantic Standard Time who fails to do so, will be forever barred from receiving a distribution on that claim, as well as voting on the respective debtor's proposed plan of reorganization.



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