

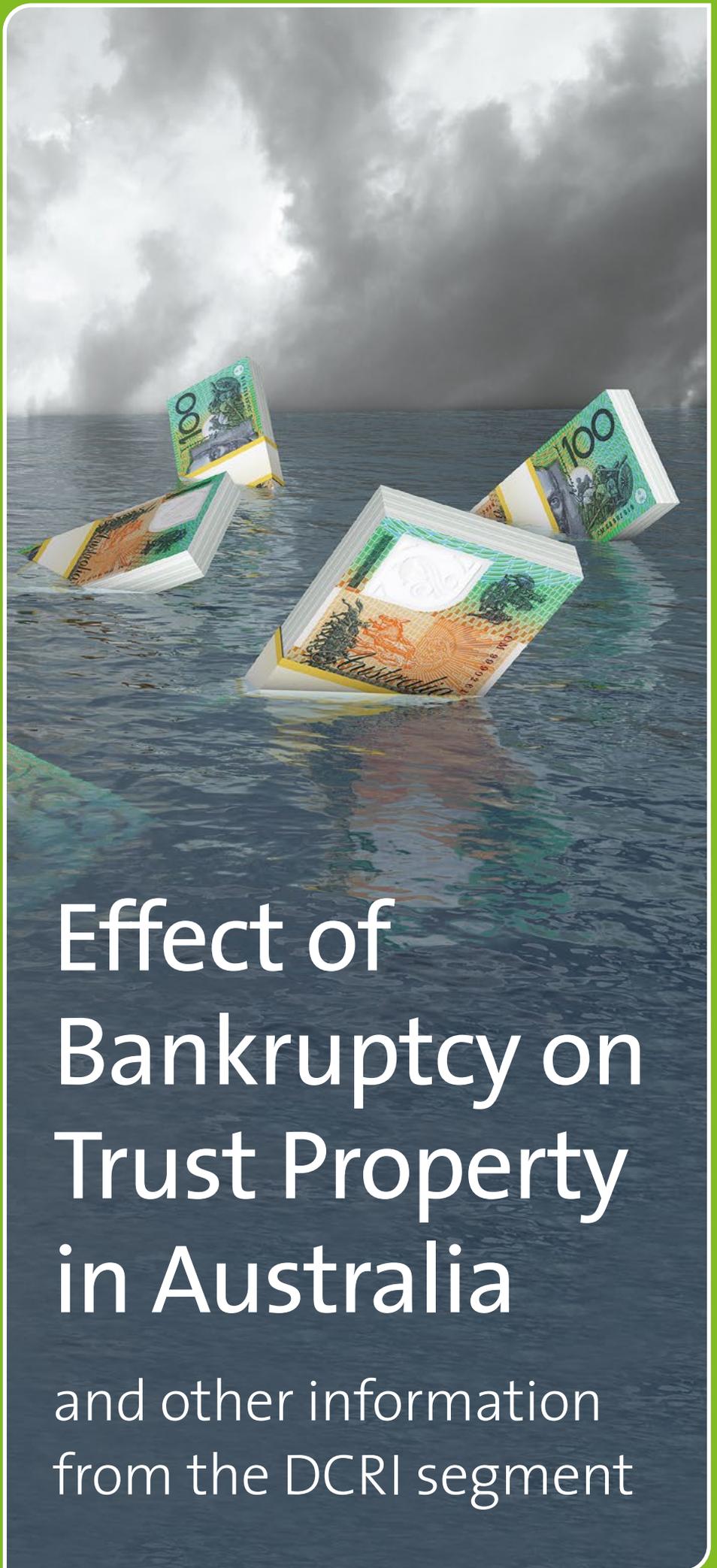


Debt  
Collection,  
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# Effect of Bankruptcy on Trust Property in Australia

and other information  
from the DCRI segment

# The Impact of the Recent Earthquake on Puerto Rico's Restructuring Plan

By **Leslie A. Berkoff**

Over the past three years, Puerto Rico has faced multiple crises including deadly hurricanes, government corruption and now a rare seismic sequence, all while trying to address a decade-long economic recession that led to a historic bankruptcy filing in 2016.

US bankruptcy laws do not allow states to file for bankruptcy protection, so in a precedential event, in 2016, the US Congress passed a law called Promesa which specifically paved the way for Puerto Rico to file for bankruptcy protection. (This law was modelled after Chapter 9 of the US



Bankruptcy Code which allows local municipalities to file for protection.)

As 2019 drew to a close, Puerto Rico seemed prepared to move ahead with a reorganisation, having filed a plan

to resolve the biggest governmental bankruptcy in United States history, and cutting almost USD 130 billion in debts to about USD 86 billion. Although the plan itself may be subject to various legal challenges, including an appeal to the United States Supreme Court involving constitutionality of the appointment of the federal oversight board, it seemed that progress was being made. Unfortunately, legal battles proved not to be the only hurdles for Puerto Rico; towards the end of 2019, having not yet fully recovered from Hurricanes Maria and Irma which almost wiped out the island, Puerto Rico was further destabilised when new earthquakes rocked the island. It has been estimated that these earthquakes caused over USD 110 million in damages. To further complicate all of this, while USD 44 billion in disaster aid has been ascribed to the Island to help it rebuild, only a small portion has been released to date, and political conflict and roadblocks are tying up the balance. All of these events only further exacerbate an already precarious situation and the impact on the pending plan and recovery process remains to be seen.

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**Moritt Hock & Hamroff LLP** is a full-service commercial law firm providing a wide range of legal services to businesses, corporations and individuals worldwide. The firm has 20 practice areas and offices in Garden City and New York City (NY), USA.

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