

Dallas & Houston Federal Judges to Mediate Puerto Rico Bankruptcy

By Mark Curriden – (June 19, 2017) – Two Texas judges have been appointed to play key roles in the \$73 billion bankruptcy of Puerto Rico.

The federal judge handling the unprecedented restructuring of the U.S. territory has appointed U.S. Bankruptcy Chief Judge Barbara Houser of Dallas to head a five-member judicial panel to mediate key issues between the government of Puerto Rico and private companies that are creditors in the pending cases.



Judge Barbara Houser

U.S. District Judge Laura Taylor Swain of New York also appointed U.S. Senior District Judge Nancy Atlas of Houston to the mediation panel.

Judge Swain said that judges Houser, Atlas and the three other panelists are “dedicated public servants” who have “substantial judicial and other professional experience in complex financial matters, including insolvency proceedings.”

“I cannot imagine anyone better suited for this extraordinary challenge than Judge Houser,” says Joe Coleman, a bankruptcy partner at Kane Russell Coleman & Logan in Dallas. “The Puerto Rico crisis is not a Chapter 11 and it is not a Chapter 9.

“These are unique, uncharted waters,” Coleman says. “The resolution of this is going to be a significant challenge.”

Sid Scheinberg, a bankruptcy partner at Godwin Bowman & Martinez, agrees that the Puerto Rico case is “unprecedented legal territory.”

“Puerto Rico is not a state or a municipality and thus does not appear to fall under Chapter 9 of

the federal bankruptcy code,” Scheinberg says. “This shows us that the judicial powers-that-be think very highly of Judge Houser that they would give such an important assignment to her.”

Judge Houser has handled several major bankruptcy matters. For the past two years, she has overseen the billion-dollar bankruptcy cases of Sam Wyly and the estate of his deceased brother, Charles Wyly. As a lawyer, she played leading roles in the Dow Corning restructuring and the bankruptcy of the Hunt brothers.

“She is unparalleled in terms of her knowledge of law and business,” says K&L Gates partner David Weitman, who specializes in bankruptcy law. “She has handled all types of sophisticated financial structures.



Joe Coleman

“If anyone can persuade the sides of the benefits of a settlement, it is Judge Houser,” Weitman says.

Court records show that Puerto Rico has \$73 billion in public debt and \$49 billion in future pension liabilities. Last year, Congress passed a federal law called the 2016 Puerto Rico Oversight, Management and Economic Stability Act or PROMESA.

Judge Houser is expected to appear at a federal court hearing in San Juan on June 28 to unveil the terms of the mediation process, which will be conducted in secret and not even known to Judge Swain.

Lawyers heap equal praise on Judge Atlas. A 1974 graduate of the NYU School of Law, Judge Atlas was a trial lawyer and chaired the Texas Higher Education Coordinating Board >



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before being appointed to the federal bench in 1995 by President Clinton.

Judge Atlas has handled several large, complex financial disputes, including the 2004 multibillion-dollar international bankruptcy battle between Russian oil giant Yukos and Deutsche Bank and a 2012 legal dispute between Berge Helene Ltd. and General Electric regarding a floating oil production vessel off the coast of Mauritania.

Just this past Friday, June 16, Judge Atlas granted class action status to investors misled them about unsuccessful business operations in Angola.

Federal court officials say that matters pending before the two judges will be temporarily assigned or directed to judges in other courts.

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