

Summary of the Puerto Rico Recovery Accuracy in Disclosures Act

Section (a) requires attorneys, accountants, consultants, and other professional persons employed by the Oversight Board in a Title III case to submit verified disclosures of their connections with the debtor, creditors, or persons employed by the Oversight Board, prior to being compensated under PROMESA section 316. The disclosures must conform to the requirements of Federal Rule of Bankruptcy Procedure 2014(a), and include information on the identity of each entity or person with whom such professional person has a connection. Professional persons are required to update the disclosures as relevant new information becomes known and must file an annual notice attesting to the accuracy of the disclosure.

Section (b) requires the U.S. Trustee to review the disclosure statements submitted pursuant to section (a). The U.S. Trustee has the right to file comments with the court and object to compensation if no verified statement is submitted, or the professional person is not disinterested or holds an interest adverse to interest of the estate. It also defines who has standing under this section and provides that the district court has jurisdiction to adjudicate this matter.

Section (c) applies the disclosure requirements of section (a) retroactively to any professionals that are still employed by the board. Such professionals must comply with the requirements of section (a) the next time they seek compensation from the court under PROMESA section 316. This Section also provides that that the court may not delay PROMESA section 304 proceedings pending the filing of such verified statements.

Section (d) gives the court discretion to deny a request for compensation by professionals for services and reimbursement of expenses if, after enactment of the act, the professional person fails to file the statements required by section (a) or is not disinterested as defined in 11 USC 101(14) or holds an interest adverse to interest of the estate.