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Puerto Rico's Bankruptcy Delayed, Moved to New York Following Hurricane Maria

The delay comes as Puerto Rico is faced with a humanitarian crisis "even graver" than its unprecedented economic troubles.

By [Stephanie Gleason](#)

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 **TheStreet Video**

Puerto Rico's bankruptcy proceeding will be delayed as the court remains closed following Hurricane Maria, and in light of the continued health and safety issues facing the commonwealth, challenges that could threaten Puerto Rico's path back to economic stability, a judge said.

Judge Laura Taylor Swain issued an order on Sept. 26 delaying two upcoming hearings that were scheduled for Sept. 27 and Oct. 4. The first of these was to take place in New York in an adversarial proceeding brought by a bond insurer. The oral arguments that had been scheduled will be moved to Oct. 4 from Sept. 27. The second, Puerto Rico's monthly general hearing that was to take place in Puerto Rico, has been delayed from Oct. 4 to an as yet undetermined date.

She added that these proceedings will take place in New York until further notice with "every effort made to facilitate viewing from the San Juan courthouse."

In her order Swain noted the depth of the crisis currently taking place in Puerto Rico.

Puerto Rico was hit directly by Hurricane Maria on Sept. 20, she said, a category four storm that was the most powerful to hit the island in nearly a century. It struck only two weeks after Hurricane Irma swept through, as Puerto Rico was still recovering.

"Millions of American citizens whose U.S. home is Puerto Rico are without light, water, food, fuel and even basic sewer services," Judge Swain said. "Hospitals are struggling without fuel and supplies; considerable areas of the island are isolated due to inaccessibility and one area is threatened by the imminent collapse of a decades-old dam that was heavily weakened by Maria and could possibly trigger a life-threatening flood. These Americans, who were in the process of restructuring billions in debt through these PROMESA Title III proceedings in the hope of emerging from an economic crisis of unprecedented proportions, now face an even graver humanitarian crisis, one also that threatens their already challenging path back to economic stability," she said.

It's in light of these circumstances that she granted the request for delay brought by the Government of Puerto Rico and the Financial Oversight and Management.

In its request on Sept. 25, the oversight board said that it's "deeply concerned about the crisis that has unfolded and continues to unfold in Puerto Rico as a result of Hurricane Maria, and understands that residents and other parties on the island have other pressing needs and priorities."

The board suggested that if the court is able to reopen on Sept. 28, the Oct. 4 proceeding could be moved to Oct. 18 in New York. It added that some

have suggested that Oct. 18 is still too soon, and that it supports rescheduling to Oct. 18 or a date in November.

In its request, the government said that "Puerto Rico is currently facing one of its worst crises in modern history."

Nevertheless, Puerto Rico said it wants to move forward with the bankruptcy case with as little delay as possible.

It supported the Oct. 18 date put forth by the board, in its request, and said that it wants to avoid any significant delay that "would place a cloud of uncertainty over these proceedings and potentially undermine the progress achieved to date."

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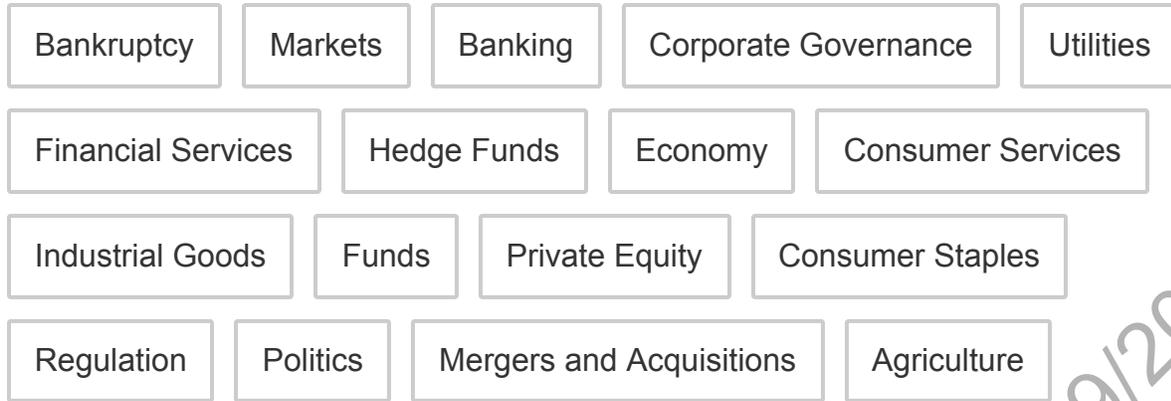
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