

117TH CONGRESS
1ST SESSION

S. 375

To impose requirements on the payment of compensation to professional persons employed in voluntary cases commenced under title III of the Puerto Rico Oversight Management and Economic Stability Act (commonly known as “PROMESA”).

IN THE SENATE OF THE UNITED STATES

FEBRUARY 23, 2021

Mr. MENENDEZ (for himself, Ms. HIRONO, Mr. BLUMENTHAL, Mr. RUBIO, and Ms. STABENOW) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To impose requirements on the payment of compensation to professional persons employed in voluntary cases commenced under title III of the Puerto Rico Oversight Management and Economic Stability Act (commonly known as “PROMESA”).

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Puerto Rico Recovery
5 Accuracy in Disclosures Act of 2021” or “PRRADA”.

1 **SEC. 2. DISCLOSURE BY PROFESSIONAL PERSONS SEEKING**
2 **APPROVAL OF COMPENSATION UNDER SEC-**
3 **TION 316 OR 317 OF PROMESA.**

4 (a) REQUIRED DISCLOSURE.—

5 (1) IN GENERAL.—In a voluntary case com-
6 menced under section 304 of PROMESA (48 U.S.C.
7 2164), no attorney, accountant, appraiser, auc-
8 tioneer, agent, consultant, or other professional per-
9 son may be compensated under section 316 or 317
10 of that Act (48 U.S.C. 2176, 2177) unless prior to
11 making a request for compensation, the professional
12 person has submitted a verified statement con-
13 forming to the disclosure requirements of rule
14 2014(a) of the Federal Rules of Bankruptcy Proce-
15 dure setting forth the connection of the professional
16 person with—

17 (A) the debtor;

18 (B) any creditor;

19 (C) any other party in interest, including
20 any attorney or accountant;

21 (D) the Financial Oversight and Manage-
22 ment Board established in accordance with sec-
23 tion 101 of PROMESA (48 U.S.C. 2121); and

24 (E) any person employed by the Oversight
25 Board described in subparagraph (D).

1 (2) OTHER REQUIREMENTS.—A professional
2 person that submits a statement under paragraph
3 (1) shall—

4 (A) supplement the statement with any ad-
5 ditional relevant information that becomes
6 known to the person; and

7 (B) file annually a notice confirming the
8 accuracy of the statement.

9 (b) REVIEW.—

10 (1) IN GENERAL.—The United States Trustee
11 shall review each verified statement submitted pur-
12 suant to subsection (a) and may file with the court
13 comments on such verified statements before the
14 professionals filing such statements seek compensa-
15 tion under section 316 or 317 of PROMESA (48
16 U.S.C. 2176, 2177).

17 (2) OBJECTION.—The United States Trustee
18 may object to compensation applications filed under
19 section 316 or 317 of PROMESA (48 U.S.C. 2176,
20 2177) that fail to satisfy the requirements of sub-
21 section (e).

22 (3) RIGHT TO BE HEARD.—Each person de-
23 scribed in section 1109 of title 11, United States
24 Code, may appear and be heard on any issue in a
25 case under this section.

1 (c) JURISDICTION.—The district courts of the United
 2 States shall have jurisdiction of all cases under this sec-
 3 tion.

4 (d) RETROACTIVITY.—

5 (1) IN GENERAL.—If a court has entered an
 6 order approving compensation under a case com-
 7 menced under section 304 of PROMESA (48 U.S.C.
 8 2164), each professional person subject to the order
 9 shall file a verified statement in accordance with
 10 subsection (a) not later than 60 days after the date
 11 of enactment of this Act.

12 (2) NO DELAY.—A court may not delay any
 13 proceeding in connection with a case commenced
 14 under section 304 of PROMESA (48 U.S.C. 2164)
 15 pending the filing of a verified statement under
 16 paragraph (1).

17 (e) LIMITATION ON COMPENSATION.—

18 (1) IN GENERAL.—In a voluntary case com-
 19 menced under section 304 of PROMESA (48 U.S.C.
 20 2164), in connection with the review and approval of
 21 professional compensation under section 316 or 317
 22 of PROMESA (48 U.S.C. 2176, 2177), the court
 23 may deny allowance of compensation for services and
 24 reimbursement of expenses, accruing after the date

1 of the enactment of this Act of a professional person
 2 if the professional person—

3 (A) has failed to file statements of connec-
 4 tions required by subsection (a) or has filed in-
 5 adequate statements of connections;

6 (B) except as provided in paragraph (3), is
 7 on or after the date of enactment of this Act
 8 not a disinterested person, as defined in section
 9 101 of title 11, United States Code; or

10 (C) except as provided in paragraph (3),
 11 represents, or holds an interest adverse to, the
 12 interest of the estate with respect to the matter
 13 on which such professional person is employed.

14 (2) CONSIDERATIONS.—In making a determina-
 15 tion under paragraph (1), the court may take into
 16 consideration whether the services and expenses are
 17 in the best interests of creditors and the estate.

18 (3) COMMITTEE PROFESSIONAL STANDARDS.—
 19 An attorney or accountant described in section
 20 1103(b) of title 11, United States Code, shall be
 21 deemed to have violated paragraph (1) if the attor-
 22 ney or accountant violates section 1103(b) of title
 23 11, United States Code.

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