

Calendar No. 182

117TH CONGRESS
1ST SESSION**H. R. 1192****[Report No. 117-48]**

 IN THE SENATE OF THE UNITED STATES

FEBRUARY 25, 2021

Received; read twice and referred to the Committee on Energy and Natural
Resources

DECEMBER 13, 2021

Reported by Mr. MANCHIN, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

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.

1 **SECTION 1. SHORT TITLE.**

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

4 **SEC. 2. DISCLOSURE BY PROFESSIONAL PERSONS SEEKING**
5 **APPROVAL OF COMPENSATION UNDER SEC-**
6 **TION 316 OR 317 OF PROMESA.**

7 (a) *DEFINITIONS.—In this section:*

8 (1) *LIST OF MATERIAL INTERESTED PARTIES.—*
9 *The term “List of Material Interested Parties” means*
10 *the List of Material Interested Parties established*
11 *under subsection (c)(1).*

12 (2) *OVERSIGHT BOARD.—The term “Oversight*
13 *Board” has the meaning given the term in section 5*
14 *of PROMESA (48 U.S.C. 2104).*

15 (b) *REQUIRED DISCLOSURE.—*

16 (1) *IN GENERAL.—In a case commenced under*
17 *section 304 of PROMESA (48 U.S.C. 2164), no attor-*
18 *ney, accountant, appraiser, auctioneer, agent, or other*
19 *professional person may be compensated under section*
20 *316 or 317 of that Act (48 U.S.C. 2176, 2177) unless*
21 *prior to making a request for compensation, the pro-*
22 *fessional person has filed with the court a verified*
23 *statement conforming to the disclosure requirements of*
24 *rule 2014(a) of the Federal Rules of Bankruptcy Pro-*
25 *cedure setting forth the connection of the professional*

1 *person with any entity or person on the List of Mate-*
2 *rial Interested Parties.*

3 (2) *SUPPLEMENT.—A professional person that*
4 *submits a statement under paragraph (1) shall*
5 *promptly supplement the statement with any addi-*
6 *tional relevant information that becomes known to the*
7 *person.*

8 (3) *DISCLOSURE.—Subject to any other applica-*
9 *ble law, rule, or regulation, a professional person that*
10 *fails to file or update a statement required under*
11 *paragraph (1) or files a statement that the court de-*
12 *termines does not represent a good faith effort to com-*
13 *ply with this section shall disclose such failure in any*
14 *filing required to conform to the disclosure require-*
15 *ments under rule 2014(a) of the Federal Rules of*
16 *Bankruptcy Procedure.*

17 (c) *LIST OF MATERIAL INTERESTED PARTIES.—*

18 (1) *PREPARATION.—Not later than 30 days after*
19 *the date of enactment of this Act, the Oversight Board*
20 *shall establish a List of Material Interested Parties*
21 *subject to—*

22 (A) *the approval of the court; and*

23 (B) *the right of the United States trustee or*
24 *any party in interest to be heard on the ap-*
25 *proval.*

1 (2) *INCLUSIONS.*—*Except as provided in para-*
2 *graph (3), the List of Material Interested Parties shall*
3 *include—*

4 (A) *the debtor;*

5 (B) *any creditor;*

6 (C) *any other party in interest;*

7 (D) *any attorney or accountant of—*

8 (i) *the debtor;*

9 (ii) *any creditor; or*

10 (iii) *any other party in interest;*

11 (E) *the United States trustee and any per-*
12 *son employed in the office of the United States*
13 *trustee; and*

14 (F) *the Oversight Board, including the*
15 *members, the Executive Director, and the em-*
16 *ployees of the Oversight Board.*

17 (3) *EXCLUSIONS.*—*The List of Material Inter-*
18 *ested Parties may not include any person with a*
19 *claim, the amount of which is below a threshold dollar*
20 *amount established by the court that is consistent*
21 *with the purpose of this Act.*

22 (d) *REVIEW.*—

23 (1) *IN GENERAL.*—*The United States trustee*
24 *shall review each verified statement submitted pursu-*
25 *ant to subsection (b) and may file with the court com-*

1 *ments on such verified statements before the profes-*
2 *sionals filing such statements seek compensation*
3 *under section 316 or 317 of PROMESA (48 U.S.C.*
4 *2176, 2177).*

5 (2) *OBJECTION.—The United States trustee may*
6 *object to applications filed under section 316 or 317*
7 *of PROMESA (48 U.S.C. 2176, 2177) that fail to sat-*
8 *isfy the requirements of subsection (b).*

9 (e) *LIMITATION ON COMPENSATION.—In a case com-*
10 *menced under section 304 of PROMESA (48 U.S.C. 2164),*
11 *in connection with the review and approval of professional*
12 *compensation under section 316 or 317 of PROMESA (48*
13 *U.S.C. 2176, 2177) filed after the date of enactment of this*
14 *Act, the court may deny allowance of compensation or reim-*
15 *bursement of expenses if—*

16 (1) *the professional person has failed to file the*
17 *verified disclosure statements required under sub-*
18 *section (b)(1) or has filed inadequate disclosure state-*
19 *ments under that subsection; or*

20 (2) *during the professional person’s employment*
21 *in connection with the case, the professional person—*

22 (A) *is not a disinterested person (as defined*
23 *in section 101 of title 11, United States Code)*
24 *relative to any entity or person on the List of*
25 *Material Interested Parties; or*

1 *(B) represents or holds an adverse interest*
2 *in connection with the case.*

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