

FOMB Board Member Dismissals: New Development

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PRACTICE AREAS

- PROMESA Task Force

An McV PROMESA Task Force Alert

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As we informed in our previous McV Alert, on August 5, 2025, the Financial Oversight and Management Board for Puerto Rico (“FOMB”) issued a statement confirming that President Donald Trump had dismissed Arthur J. González, Cameron McKenzie, Betty A. Rosa, Juan A. Sabater, and Luis A. Ubiñas from their positions as Members of the FOMB; leaving Andrew Biggs and John Nixon as the remaining members. In the Alert we also informed that, pursuant to PROMESA and the Bylaws adopted by the FOMB, the current Board composed of two members, acting jointly, can continue the daily operations of the FOMB and the implementation of PROMESA. However, a two-member FOMB does not have the necessary votes to (1) appoint an Executive Director or General Counsel; (2) approve a fiscal plan; (3) approve a budget; (4) cause a legislative act not to be enforced; or (5) approve or disapprove critical infrastructure projects.

On August 8, 2025, Judge Laura Taylor Swain, who oversees all PROMESA matters before the United States District Court for the District of Puerto Rico, took judicial notice of President Trump’s action, and issued an order (the “Order”) suspending the deadlines set at the July Omnibus hearing related to the PREPA Bondholders’ *Motion and Memorandum of Law for Allowance of Administrative Expense Claim*; specifically, the August 18, 2025 deadline to exchange position papers with the PREPA Bondholders, and the August 25, 2025 deadline to file a status report with the Court regarding the matter. The Order further mandates the FOMB to file a report on or before August 25, 2025, concerning the status of its membership and what effect, if any, the recent events will have on its participation in matters pending before the Court.

The position that the FOMB will take regarding the effect that the current Board’s composition will have on matters pending before the PROMESA Title III Court remains to be seen. We will continue to closely monitor the developments on this matter, and will issue additional updates, as necessary.

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