Dismissals of Members of Puerto Rico's Financial Oversight and Management Board

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On Friday, August 1, 2025, President Trump dismissed five of the seven members of Puerto Rico's Financial Oversight and Management Board (FOMB or Oversight Board): Arthur J. Gonzalez, Cameron McKenzie, Betty A. Rosa, Juan A. Sabater, and Luis A. Ubiñas. On August 13, 2025, a week after FOMB member Andrew G. Biggs described the dismissals as a "setback for Puerto Rico," he received a notice of dismissal from the White House, according to an Oversight Board statement. John E. Nixon is the sole remaining member of the Oversight Board at present.

On September 18, 2025, Gonzalez, Rosa, and Biggs sued to challenge their dismissals, contending that "in violation of the statutory text, Judge Gonzalez, Dr. Biggs, and Dr. Rosa were purportedly terminated without cause, as the emails provided no basis, justification, or authority for the terminations."

The Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA, P.L. 114-187), enacted in June 2016, established the Oversight Board and created processes for restructuring Puerto Rico's public debts, among other provisions. PROMESA Title III established a bankruptcy-like process that has been used for most debt restructuring cases. Title VI established a process similar to sovereign debt workout procedures. The federal district court overseeing Title III cases ordered the board to report on its status by August 25, 2025.

How Are Board Members Appointed?

Members, including those purportedly terminated, are appointed through a process established in Section 101(e) of PROMESA. In that process, six of the seven board members are appointed by the President from lists submitted by congressional leaders. For the original members, the Speaker and the Senate Majority Leader each submitted two lists for the appointments of two members (four members total). The House Minority Leader and the Senate Minority Leader each submitted one list for one appointment. The President appointed a seventh member in his sole discretion. Each Oversight Board vacancy thereafter is filled in the same manner in which the original member was appointed.

PROMESA (48 U.S.C. §2121) also allows the President to send board member nominations to the Senate for confirmation. Thus, if the President chooses to fulfill a vacancy via Senate confirmation, he need not select from a list.

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Four of the dismissed Oversight Board members, according to media reports, were nominated by Democratic leaders. House Minority Leader Hakeem Jeffries nominated former chair of the board Arthur Gonzalez for his latest appointment. Then-Senate Majority Leader Chuck Schumer had put forward Betty Rosa and Luis Ubiñas. President Biden had used his discretion to appoint Juan Sabater, and Speaker Mike Johnson nominated Cameron McKenzie. Then-Senate Majority Leader Mitch McConnell put forward Andrew Biggs in 2016 and for reappointment in 2020.

Issues Regarding Dismissals of Board Members

PROMESA authorizes the President to remove members "for cause" (48 U.S.C. §2121(e)(5)(B)), although at the time of this writing no cause has been articulated in publicly available official documents. Dismissal notices sent to Oversight Board members, quoted in legal filings, likewise articulated no cause. As noted above, three members have sued to challenge their dismissals.

In other media reports, others complained that the board's outlays on consultants and legal teams were high. Unnamed White House officials were quoted as endorsing criticisms of the board's efforts to cut debts of the Puerto Rico Electric Power Authority through the PROMESA Title III process. White House officials were also quoted as claiming that the board "has been run inefficiently and ineffectively by its governing members for far too long and it's time to restore common sense leadership."

Andrew Biggs and former Oversight Board Chair David Skeel defended the work of the Oversight Board and warned that the dismissals could have severe economic consequences for Puerto Rico.

What Can the Oversight Board Do Now?

Provisions of PROMESA and bylaws established by the Oversight Board circumscribe what actions the board may take.

PROMESA itself requires no quorum for convening meetings of the Oversight Board and conducting its basic business. PROMESA (48 U.S.C. §2121(h)) does require a minimum number of votes for some of the board's core functions.

For components of Puerto Rico's public sector that the Oversight Board designates as "covered instrumentalities," the board approves fiscal plans (48 U.S.C. §2141) and budgets (48 U.S.C. §2142) submitted by the governor of Puerto Rico. The Oversight Board can demand changes to those submissions, and if a revised submission does not meet PROMESA requirements, the board can develop and submit its own fiscal plan or budget for a given public sector component. In addition, if the governor and legislature pass a law that the Oversight Board finds incompatible with a fiscal plan or PROMESA's requirements, the board can act to prevent the enforcement or application of the law (48 U.S.C. §2144).

PROMESA requires a majority vote of the Oversight Board's full appointed membership to approve a fiscal plan or a budget or to prevent application of a law. The board may also conduct business in executive session upon a majority vote of the Oversight Board's full voting membership. Entering one of Puerto Rico's public entities into the Title III debt restructuring process requires votes of at least five board members. Title VI does not appear to have similar voting requirements as those in Title III.

The Oversight Board's bylaws, however, require a quorum to conduct the business of the board and for all other purposes. With some exceptions, actions of the Oversight Board require an affirmative vote of no fewer than four members. Appointment or removal of the board's executive director or the general counsel requires a vote of the board chair and four other members.

If the board members number five or fewer, actions require a majority of appointed members. Appointment of an executive director or a general counsel, however, requires votes of the chair and at least three other members. Removal of the board's executive director or the general counsel would presumably still require consent of the chair and three other members.

Amending or repealing the board's bylaws also requires a vote of at least four members. The bylaws were last amended on April 19, 2024.

PREPA Debt Restructuring

The PROMESA Title III case for the Puerto Rico Electric Power Authority (PREPA) remains the last major debt restructuring process. In December 2022, the Oversight Board proposed a settlement via a plan of adjustment, which was followed by several revisions. The Board had estimated its recent offers would provide $2.6 billion to creditors. Bondholders, however, challenged the board's assessment of terms of the underlying bond agreement. In November 2024, the U.S. Court of Appeals for the First Circuit in a revised decision largely sided with creditors' claims. The district court handling the case repeatedly has urged the board and creditors to continue negotiations.

In July 2025, a coalition claiming to hold about 60% of PREPA bonds argued that electric rates should be set high enough to pay the utility's indebtedness, which they estimate to total $12 billion.

On August 8, 2025, the federal district court handling PROMESA Title III cases suspended deadlines and ordered the Oversight Board to report on the "status of its membership and what effect, if any, the recent events will have on its participation in matters pending before the Court" by August 25, 2025. The main PREPA bondholder coalition replied that it and the remaining Oversight Board member preferred to stay Title III proceedings until new board members were appointed.

The Oversight Board had also engaged in contentious negotiations with New Fortress Energy (NFE). The board held up a new long-term contract for natural gas after raising concerns that it could undermine "market competition and limit[] flexibility." In mid-September 2025, the island government signed a $4 billion gas supply contract with NFE, which is subject to Oversight Board approval. The NFE subsidiary Genera has been taking over operations of Puerto Rico's electric generation plants.

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