Overview of the New Bankruptcy Law of Mexico

Michael L. Owen
OVERVIEW OF THE NEW BANKRUPTCY LAW OF MEXICO
MICHAEL L. OWEN, ESQ.*

The *Ley de Concursos Mercantiles* (Business Reorganization Law)\(^1\) was adopted in Mexico in May of 2000. Its adoption is a result of many years of effort by many people, individually and independently trying to get the attention of the people that counted as to the importance of this topic for Mexico.

As one example, in 1991, I led a trade mission to Mexico and we met with a number of ministers at the time, with Pedro Aspe and with José Angel Gurría. One of the messages from the various members of the trade mission was the importance of reforming the laws on the granting of security interests in Mexico — *Garantías*. And for the ministers involved, it was just completely new. They had no concept that this should even be on their radar screen. They were absolutely sort of dumbfounded. This is just one of the efforts; there were many other efforts by many other people.

In 2000 it was obvious that they had gotten the message and it was through the efforts of principally the *Secretaría de la Hacienda* (Ministry of Finance) and Banco de México and I give credit to José Angel Gurría and within Banco de México certainly to Guillermo Guzmán, both of whom were prime movers to get this law drafted and adopted.

While many people toss stones at the Zedillo administration, everyone gives him credit for one important development. That is the implementation of electoral reform and the tremendous transformation this has brought to Mexico. But another benefit that should receive recognition for his administration is precisely the adoption of the Business Reorganization Law that will be discussed, because it will have a tremendous impact on Mexico over the next few years.

This will be an overview of this critically important legal development. In the *Ley de Concursos Mercantiles* panel, the overview will be presented by: one of the principal authors, the head of the Institute of Specialists, creditors views from both the Mexican bank and the U.S. bank perspective, one of the premier U.S. lawyers who is an expert on cross-border restructuring, providing a very important

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\(^*\) Michael L. Owen, Esq. is a partner of Paul, Hastings, Janofsky & Walker LLP, 555 South Flower St., 23rd Floor, Los Angeles, CA 90071-2371.

Mr. Owen heads the Firm's Latin America Practice Group. In addition, he is a member of the Firm's Energy and Project Finance Group and its Financial Services Practice Group. His practice covers investments and acquisitions in Latin America, privatizations, representation of United States and other foreign investors in Latin America, and representation of foreign investors in the United States. His practice also includes project finance, domestic and off-shore credit transactions and debt placements, trade finance, asset-based lending workouts, loan and publicly held debt restructurings, and debt/equity swaps. Mr. Owen is fluent in Spanish and studied at the Universidad Iberoamericana in Mexico City from 1976 to 1977. He is a frequent lecturer at seminars on documentation of credits and security interests in Latin America, and on international finance. He is a member of the American, Inter-American, and International Bar Associations. He is Vice-Chair of the Advisory Board of the International and Comparative Law Center of the Center for America and International Law (formerly the Southwestern Legal Foundation), and serves on the Board of Directors of the U.S.-Mexico Law Institute and the Board of Directors of the U.S.-Mexico Chamber of Commerce (Pacific Chapter). Before joining the Firm in 1981, Mr. Owen was a member of the Bank of America's Legal Department for 12 years and was the principal counsel for its Latin America and Mexico Divisions. He received his A.B. degree in Economics, With Distinction, in 1964 from Stanford University. In 1967, he received his LL.B. degree from Harvard Law School. He is admitted to practice in California and New York.

comparison with U.S. bankruptcy laws. It is a very complete overview of this most
important new development, the \textit{Ley de Concursos Mercantiles}.

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