



What does the Covid-19 crisis mean for victims of fraud?

Country: Costa Rica

1. THE MOST CRITICAL PHASE OF THE CRISIS

As long as measures to prevent the spread of Covid-19 restrict freedom of movement: What are the effects of the Covid-19 crisis on civil justice?

There is no special legislation on the effects of the crisis on civil justice, however, as a result of the pandemic and the declaration of national emergency by the President of Costa Rica, the Supreme Court of Justice suspended most activities of the judiciary from March 23rd until April 13th.

All deadlines were suspended while the courts remained closed, both in terms of procedural and substantive law.

Upon return to their regular activities on April 13th and following the Health Ministry's guidelines, work from home has been implemented for many judiciary employees and court offices are at 50% of their regular capacity.

Most hearings have been suspended until further notice with the exception of domestic violence, injunctive relief, preventive prison and alimony. Court hearings that are underway in other types of proceedings must also be completed.

Video and teleconference hearings are not an alternative in Costa Rica at this time. Courts may be contacted, but not judges directly.

Urgent matters such as requests for interim measures (i.e. injunctions and freeze orders) are one of the exceptions for which hearings are still permitted, and such orders are subsequently issued if admitted.

Most Law Firms have implemented work from home during the pandemic.

Banks are working regularly, opening earlier for vulnerable people (mainly people age 65 and up), and closing sooner in the afternoon. They are enticing clients to use their digital platforms, which are enabled 24/7. In terms of helping their clients in these challenging times for the economy, most financial entities have offered a 3-month moratorium in the payment of loans and credit cards for individuals, case by case solutions for companies (softer conditions for the most



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impacted industries and sectors such as tourism, food and beverages, retail), and a bill is being discussed in Congress with a uniform proposal to handle this.

Although it is not foreseen that the crisis will have an impact on insolvency law, it will certainly have one on the amount of individuals and companies filing for insolvency, bankruptcy and restructuring.

Another foreseeable effect of the crisis will be the amount of matters that will be litigated as a result of the economic downturn (collections, evictions, breaches of contract, frauds, bankruptcies, among others) which will in turn result in significant delays in court proceedings.

2. FORECAST: AFTER THE CRISIS AND LONG-TERM EFFECTS

What are the consequences of the Covid 19 pandemic once the pandemic has abated, in the gradual return to a new normality and what are the long-term effects?

All of the measures that have been implemented to date as a result of the crisis caused by the pandemic will be withdrawn immediately thereafter. Most of them have to do with labor and tax laws and regulations, which have been flexed to avoid mass termination of employees and to improve the companies' cash flows. Others have to do with the hours with which people are allowed to circulate and mass gatherings.

Per our Constitution, being that the budget assigned to the judiciary is a percentage of the State's annual income, as a result of the slowdown in the national economy it is foreseeable that there will be less financial resources available to enforce economic crime and corruption matters.

Since the pandemic crisis emergency has been dealt with via exceptional expedite government procurement proceedings, mainly from the health related authorities, unfortunately there are always people who take advantage of that, which allows me anticipate that we may see a rise of new anti-corruption prosecutions after the crisis.

Although third party funding in Costa Rica is relatively new and has only been used in international arbitration against the State, I anticipate there will be great opportunities for funders in the country.



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