UPDATED

THE KOCHS' WEALTH

VS THE COMMONWEALTH OF PUERTO RICO

THE KOCHS SIDE WITH DEBT VULTURES OVER PUERTO RICAN FAMILIES

BRIDGE PROJECT

UPDATED: THE KOCHS' WEALTH VS THE COMMONWEALTH OF PUERTO RICO

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Puerto Rico's Debt Timeline

Date	Event
June 29, 2015	Puerto Rico announced that it could not pay its $72 billion debt
January 1, 2016	Puerto Rico defaulted on $37 million in bond payments
April 6, 2016	Puerto Rico put all debt payments on hold until January of 2017
May 1, 2016	Puerto Rico's Government Development Bank faces a $422 million debt payment deadline
July 1, 2016	Puerto Rico faces a $2 billion debt payment deadline

Puerto Rico's Troubled Economy

FOUNDATIONS OF THE CRISES

2006: U.S. Companies Leave Puerto Rico, Weakening The Island's Economy

In 2006, Congress Repealed Tax Breaks For U.S. Companies Operating In Puerto Rico Causing Puerto Rico's Economy To Weaken. According to USA Today, "2006: Congress fully repeals the tax break for U.S. companies operating in Puerto Rico. As the economy weakens, people leave for the U.S. mainland, reducing the island's tax revenues even more." [USA Today, 12/30/15]

- **With The End Of Tax Breaks, U.S. Manufacturers Left The Island Which Caused The Economy To Sink.** According to The Week, "Congress ended hefty tax breaks for U.S. manufacturers operating in Puerto Rico, and American firms began shuttering their operations on the island, causing the economy to slump." [The Week, 3/27/16]

The Housing Crisis Caused A Recession And Puerto Rico Begins Issuing Bonds To Pay For Government Services

With The Addition Of The Housing Crisis, Puerto Rico Enters A Recession And Begins Issuing Bonds To Pay For Services. According to USA Today, "The housing crisis later hits, and Puerto Rico officially enters recession. In response, the island's government issues bonds to pay for ervices [*sic*], even using new bonds to pay off older bonds." [USA Today, 12/30/15]

The Bonds That Were Issued Were Tax Free In The U.S., Which Facilitated The Rapid Growth Of Puerto Rico's Debt

The Tax Free Status Of Puerto Rico's Municipal Bonds In The United States Facilitated The Doubling Of Puerto Rico's Debt Over 10 Years. According to Bloomberg View, "Unlike the bonds of most states and municipalities, Puerto Rico's are exempt from local, state and federal taxes everywhere in the U.S. As a result, they are held by about half of open-end muni funds. The competitive advantage made it easy for Puerto Rico to double its debt in 10 years by selling bonds to plug annual budget deficits and pay for operating expenses — the same combination that brought New York City to the brink of bankruptcy in the 1970s." [Bloomberg View, 4/6/16]

Wall Street Also Reaped More Than $900 Million In Fees To Manage Puerto Rico's Bond Sales Further Fueling The Debt Spiral

Bloomberg View: "Wall Street Smoothed The Island's Path To Fiscal Debacle, Reaping More Than $900 Million In Fees To Manage Puerto Rico's $126.6 Billion Of Bond Sales Since 2000." According to Bloomberg View, "Wall Street smoothed the island's path to fiscal debacle, reaping more than $900 million in fees to manage Puerto Rico's $126.6 billion of bond sales since 2000. After the U.S. territory adopted a sales tax in 2006, investment banks worked with officials in San Juan to create new bonds backed by a portion of the proceeds. These helped the government, which employs more than a quarter of the workforce, put off cuts." [Bloomberg, View, 4/6/16]

PUERTO RICO BEGINS TO DEFAULT ON ITS DEBT

June 2015: Puerto Rico Announced That It Could Not Pay Its $72 Billion In Debts

In June Of 2015, Puerto Rico's Governor Alejandro Garcia Padilla Announced That The Island Could Not Pay Its Debts. According to The New York Times, "Puerto Rico's governor, saying he needs to pull the island out of a 'death spiral,' has concluded that the commonwealth cannot pay its roughly $72 billion in debts, an admission that will probably have wide-reaching financial repercussions. […] 'The debt is not payable,' Mr. García Padilla said. 'There is no other option. I would love to have an easier option. This is not politics, this is math.'" [The New York Times, 6/28/15]

Puerto Rico Said The Island's Overall Debt Totaled $72 Billion

Puerto Rico Said The Island's Overall Debt Totaled $72 Billion. According to Fortune, "Puerto Rico Governor Alejandro Garcia Padilla shocked investors in June when he said the island's debt, totaling $72 billion, was unpayable and required restructuring." [Fortune, 8/4/15]

After Announcing The Situation, Puerto Rico Began Negotiations With Creditors And The U.S.

Bloomberg: After The Government Announced That They Were Unable To Pay Its Debts, "Puerto Rico's Government Began Talks With Creditors And Turned To Washington For Help." According to Bloomberg View, "After stating in 2015 that it was unable to pay its borrowings, Puerto Rico's government began talks with creditors and turned to Washington for help." [Bloomberg View, 4/6/16]

Much Of Puerto Rico's Debt Was Held By Investors In The United States

Much Of Puerto Rico's Debt Was Held By Investors In The United States. According to The New York Times, "Perhaps more important, much of Puerto Rico's debt is widely held by individual investors on the United States mainland, in mutual funds or other investment accounts, and they may not be aware of it." [The New York Times, 6/28/15]

Since Puerto Rico's Bonds Are Exempt From Local, State, And Federal Taxes In The United States, About Half Of Open-End Municipal Bond Funds Hold Them. According to Bloomberg View, "The island's plight affects most people with a mutual fund invested in the municipal bond market. Unlike the bonds of most states and municipalities, Puerto Rico's are exempt from local, state and federal taxes everywhere in the U.S. As a result, they are held by about half of open-end muni funds." [Bloomberg View, 4/6/16]

January 1st, 2016: Puerto Rico Defaulted On $37 Million In Bond Payments

On January 1st, 2016, Puerto Rico Defaulted On $37 Million In Bond Payments. According to Bloomberg, "Puerto Rico will default on about $37 million in bond payments due Jan. 1 and divert revenue to make others, escalating a conflict with investors as Governor Alejandro Garcia Padilla seeks to restructure a $70 billion debt burden. The amount is a fraction of the almost $1 billion in interest due at the start of the year. The island will miss payments on $35.9 million of non-commonwealth guaranteed Puerto Rico Infrastructure Financing Authority debt and $1.4 million of Public Finance Corp. bonds. The money is being used to help pay investors who are owed $328.7 million of interest on general-obligation debt." [Bloomberg, 12/30/15]

PUERTO RICO SUSPENDS DEBT PAYMENTS

April 6th, 2016: Puerto Rico Puts All Debt Payments On Hold Until January Of 2017

NPR: Puerto Rico Governor Garcia Padilla Signed A Bill That "Puts The Island's Debt Payments On Hold Until January 2017." According to NPR, "Puerto Rico's governor has signed a bill that puts the island's debt payments on hold until January 2017. Gov. Alejandro Garcia Padilla says the island's first priority is covering payments for essential services." [NPR, 4/6/16]

- **NPR Reported That "The Law Suspends All Bond Payments, Including General Obligation Bonds, Which Are Guaranteed By The Island's Constitution," And "Limits Activity At The Government Bank And Allows It To Enter Into Receivership If Necessary."** According to NPR, "Puerto Rico's governor has signed a bill that puts the island's debt payments on hold until January 2017. Gov. Alejandro Garcia Padilla says the island's first priority is covering payments for essential services. […] The law suspends all bond payments, including general obligation bonds, which are guaranteed by the island's constitution. It also limits activity at the government bank and allows it to enter into receivership if necessary." [NPR, 4/6/16]

- **Wall Street Journal: The Debt Moratorium "Would Generally Last Through Jan. 31," 2017 "With A Possible Two-Month Extension."** According to the Wall Street Journal, "Benchmark Puerto Rico bond prices touched record lows after Gov. Alejandro García Padilla signed a bill that would allow the territory to suspend debt payments while awaiting help from Washington, D.C., in dealing with the island's financial crisis. […] Under the provisions of the bill, the governor could evaluate whether to pay debt on an 'entity-by-entity basis.' The moratorium powers would generally last through Jan. 31 with a possible two-month extension. The debt would remain outstanding and missed payments would be due when the moratorium ends." [Wall Street Journal, 4/6/16]

The Debt Moratorium Was Designed To Facilitate Payment For Essential Government Services For The People Of Puerto Rico

Gov. Garcia Padilla: The Debt Moratorium Bill Allows The Puerto Rican Government To Provide "Essential Services To Our People…Without Fear Of Retribution." According to the Wall Street Journal, "Benchmark Puerto Rico bond prices touched record lows after Gov. Alejandro García Padilla signed a bill that would allow the territory to suspend debt payments while awaiting help from Washington, D.C., in dealing with the island's financial crisis. The bill empowers Mr. García Padilla to impose a moratorium on payments to keep government cash flowing for essential services. […] 'This legislation provides us with the tools to address the highest priority of needs—providing essential services to our people—without fear of retribution,' Mr. García Padilla said in a statement Wednesday." [Wall Street Journal, 4/6/16]

PUERTO RICO FACES UPCOMING PAYMENT DEADLINES

May 1st 2016: Puerto Rico's Government Development Bank Faced A $442 Million Debt Payment Deadline

May 1st, 2016: Puerto Rico's Government Development Bank Faces A $422 Million Debt Payment With Only $562 Million Cash On Hand. According to The New York Times, "The Puerto Rican lawmakers said they were forced to act because Congress was taking too long. Their island's Government Development Bank has a debt payment of about $422 million due May 1, and only $562 million in available cash; the law they enacted would let the bank delay the payment lawfully — at least as far as Puerto Rico is concerned." [The New York Times, 4/8/16]

- **The Hill Reported That Puerto Rico Might Start Defaulting On "Upcoming Bond Payments Beginning In May" 2016.** According to The Hill, "Already it appears the House is unlikely to meet Speaker Paul Ryan's (R-Wis.) March 31 deadline to produce a Puerto Rico bill, but a more significant threat is the possibility the island defaults on upcoming bond payments beginning in May." [The Hill, 3/29/16]

Failure To Meet The May 1st Payment Date Would Be The Most Significant Default Yet

International Business Times: The Default On The Government Development Bank's $422 Million Payment "Would Be The Most Serious To Date." According to the International Business Times, "While Puerto Rico has already defaulted on small debt payments, a default on GDB's $422 million payment would be the most serious to date. In July a $2 billion payment comes due." [International Business Times, 4/11/16]

July 1st 2016: Puerto Rico Faces A $2 Billion Debt Payment Deadline

Puerto Rico Faces A $2 Billion Debt Payment On July 1st, 2016. According to Bloomberg, "Governor Alejandro Garcia Padilla in June 2105 said the island was unable to repay all of its obligations on time and in full. Two agencies have missed debt payments since then and its Government Development Bank owes $422 million May 1. The commonwealth and its agencies face a $2 billion debt payment July 1." [Bloomberg, 4/11/16]

Puerto Rico Didn't Think They Could Make The Payment

Puerto Rico's Governor Said That The Island Can't Pay The $2 Billion Owed To Investors On July 1st. According to Bloomberg, "Puerto Rico and its agencies owe $2 billion to investors on July 1, which the governor has said the island can't pay. The commonwealth's economy has shrunk in the past decade and residents are leaving at record rates to find work on the mainland." [Bloomberg, 4/11/16]

The Debt Crisis' Impact On Puerto Ricans

AN ECONOMY IN RUINS

Water, Electricity, Foreclosure And Tax Rates Rose Rapidly In Puerto Rico

The Fiscal Times Reported In March 2015 That The Puerto Rican Sales Tax Rose In 2015 From 7 To 11.5 Percent, "Water And Electricity Rates…Spiked," And The Foreclosure Rate Was "Soaring." According to The Fiscal Times, "With growing debt and a shrinking number of taxpayers, the island appears trapped in an economic death spiral. Those who stay face ever-higher bills: The sales tax rose last year from 7 to 11.5 percent — the highest in the country — and water and electricity rates have spiked. The foreclosure rate is soaring." [Fiscal Times, 3/29/16]

Sales Tax Rates On The Island Increased From 7% To 11.5 %

Huffington Post: Gov. Garcia Padilla Increased The Puerto Rican Sales Tax From 7 Percent To 11.5 Percent In An Effort To "Meet Short-Term Obligations To Creditors." According to the Huffington Post, "Puerto Rico is trapped in a vicious cycle where the very austerity measures it has taken to meet short-term obligations to creditors — such as laying off 30,000 public sector workers and increasing its sales tax from 7 percent to 11.5 percent — have devastated its economy, depleting revenue sources and requiring even more drastic steps just to keep up with payments." [Huffington Post, 1/2/16]

440,000 People Left Puerto Rico In The Past Decade; 1,200 A Week In 2014

Fiscal Times: 440,000 People Left Puerto Rico In The Past Decade, With "About 1,200 Decamping Every Week In 2014." According to The Fiscal Times, "Puerto Ricans with means and education are fleeing for the mainland. The island has lost some 440,000 people in the past decade, with about 1,200 decamping every week in 2014." [Fiscal Times, 3/29/16]

In 2014, 64,000 Residents Left Puerto Rico. According to CNN Money, "Rodriguez is among thousands of Puerto Ricans leaving the island at levels last seen during the 'West Side Story' era in the 1950s. Last year, about 64,000 residents left Puerto Rico." [CNN Money, 12/23/15]

Displaced Puerto Ricans Have Impacted Electoral Politics In Florida

A Growing Number Of Puerto Ricans Have Moved To The Swing State Of Florida

Pew Research Center: The Number Of Puerto Ricans Living In Florida More Than Doubled Between 2000 And 2014. According to Pew Research Center, "The number of Hispanics of Puerto Rican origin living in Florida has surpassed 1 million for the first time, according to a new Pew Research Center analysis of Census Bureau data, more than doubling the state's Puerto Rican population over the past 14 years." [Pew Research Center, 10/30/15]

NPR Reported That Many Puerto Ricans Chose To "Settle In Central Florida – Historically, The Swing Region" In The Swing State Of Florida. According to NPR, "The reason all this migration is important politically is that Puerto Ricans are U.S. citizens, so they can register to vote as soon as they step foot on mainland soil. And, many of them are choosing to settle in central Florida — historically, the swing region of this swing state." [NPR, 12/6/15]

- **Pew Research Center: 57% Of Puerto Ricans Identify At Democrats, And 22% Identify As Republicans.** According to NPR, "A majority of Puerto Ricans identify with the Democratic party — 57 percent; that compares to just 22 percent who lean Republican, according to data from the Pew Research Center." [NPR, 12/6/15]

Puerto Ricans Will Be A Key Demographic In Florida

Los Angeles Times Headline: "Influx Of Puerto Ricans Could Be Game-Changer In Country's Biggest Swing State" [Los Angeles Times, 3/9/16]

RNC Deputy Political Director And National Field Director For Hispanic Initiatives Jennifer Sevilla Korn: The Puerto Rican Population In Florida Has Been Growing For Years And "You Have To Get A Good Portion Of Puerto Rican Votes To Win Florida." According to the Washington Post, "Jennifer Sevilla Korn, who works on Hispanic outreach as the Republican National Committee's deputy political director of strategic initiatives, said that the GOP has been watching the shifting demographics of Florida and that the Puerto Rican vote 'is definitely rising in importance.' 'It's been growing for years,' she said, adding that in 2016, 'you have to get a good portion of Puerto Rican votes to win Florida.'" [The Washignton Post, 7/26/15]

President Of The Latino Victory Project: Cristóbal Alex: "You Are Going To See A Hyper-Focus In Florida, The Likes Of Which We Have Never Seen. I Do Think Puerto Ricans Can Change The Political Landscape." According to The Washington Post, "'I think you are going to see a hyper-focus in Florida, the likes of which we have never seen. I do think Puerto Ricans can change the political landscape,' said Cristóbal Alex, president of the Democratic-backed Latino Victory Project." [The Washignton Post, 7/26/15]

Puerto Rico's Debt Crisis Caused Significant Brain Drain

Puerto Rico's School Enrollment Dropped Significantly During The Economic Turmoil

CNN Money: Puerto Rico's School Enrollment "Shrunk Dramatically" To 921,000 In 2014 From 1.14 Million In 2005. According to CNN Money, "The island is in its ninth year of recession, it is neck deep in debt and lenders are knocking on its doors demanding repayments. No wonder, Puerto Ricans are leaving the island in search of a better future for themselves and their children. Puerto Rico's school enrollment -- from kindergarten to college -- has shrunk dramatically to 921,000 in 2014 from 1.14 million in 2005, according to the U.S. Census Bureau. You can call it a brain drain. The students make up two-thirds of Puerto Rico's total population decline. Puerto Rico is in crisis mode these days. It has already defaulted on one debt payment in August and a big debt payment of about $1 billion looms on January 1." [CNN Money, 12/23/15]

- **During The Last Decade, Puerto Rico Lost A Third Of Its School Children Between Grades 1 And 4.** According to CNN Money, "Some of the losses are steepest at the grade school level. In the past 10 years, Puerto Rico has lost a third of its school children between grades 1 and 4. So there are about 70,000 fewer kids in those grades now than in 2005." [CNN Money, 12/23/15]

The Loss Of School Age Children Worsened Puerto Rico's Economic Outlook

Pew Research Center: The Loss Of School aged children Only Worsened Puerto Rico's Economic Situation And Outlook. According to the Pew Research Center, "More recently, the Puerto Rican government has seen its tax revenues decline and, barred by U.S. law from filing for bankruptcy, it may run out of cash in November. The continued loss of people, particularly school-aged children and those in their prime working age, has only worsened the island's economic situation and outlook." [Pew Research Center, 10/14//15]

Puerto Rican's Tax Refunds Were Delayed Due To Pressures On The Government Development Bank

Economist Vicente Feliciano: Puerto Rico's Government Development Bank Had Delayed Tax Refunds In October 2015 Due To Low Liquidity. According to the Associated Press, "The government bank responsible for issuing Puerto Rico's bonds said Wednesday that its liquidity has dropped below $1 billion as concerned grow it won't be able to make a large upcoming bond payment amid the U.S. territory's economic crisis. […] 'It's absolutely worrisome,' economist Vicente Feliciano said of the drop in liquidity. 'The general fund is also treading water ... we're coming to a credit crunch.' […] He noted that Puerto Rico's government already has delayed payments to suppliers and that a large number of taxpayers are still waiting for refunds. Last week, the bank said it ended discussions with one bondholder group because they could not reach a debt-restructuring deal." [Associated Press, 10/28/15]

A University Of Puerto Rico Professor Was Owed $2,000 From His Tax Refund

University Of Puerto Rico Professor Jose Javier Colon Said He Hadn't Received A $2,000 Tax Refund As Of January 2016. According to the Huffington Post, "Among the government's tactics to save money is to postpone income tax refunds for an unknown number of Puerto Ricans. José Javier Colon, a professor of political science at the University of Puerto Rico, is one of them: he has yet to receive a refund of $2,000 that is owed him, he said." [Huffington Post, 1/2/16]

PUERTO RICANS CUT OFF FROM PUBLIC SERVICES

Puerto Rico May Have To Choose Between Funding Public Services Or Paying Off Debt

The Fiscal Times Theorized That Puerto Rico "Could Find Itself Having To Choose Between Funding Health-Care Services, Schools, And Police And Servicing Its Debt." According to The Fiscal Times, "The Obama administration has warned of a potential humanitarian crisis. Puerto Rico could find itself having to choose between funding health-care services, schools, and police and servicing its debt." [Fiscal Times, 3/29/16]

> **CNN Money: "A Group Of 34 Hedge Funds, Led By Fir Tree Partners," Suggested That Puerto Rico "Close Some Schools, Reduce University Subsidies And Fire Teachers So It Can Pay Back Its Debt."** According to CNN Money, "Puerto Rico went into default Monday for the first time in its history. The island's governor, Alejandro Garcia Padilla, has announced a 'working group' to figure out a plan by the end of the summer. But a group of 34 hedge funds, led by Fir Tree Partners, already have a recommendation. They funded a report by three economists that calls for Puerto Rico to close some schools, reduce university subsidies and fire teachers so it can pay back its debt." [CNN Money, 8/4/15]

In 2015, Puerto Rico Closed Down Nearly 100 Schools And Reconfigured 500 Others. According to The Guardian, "Luis Gallardo, majority municipal legislator for Aguas Buenas, said the hedge fund-commissioned report was a 'typically IMF recipe for radical austerity'. […] 'The Puerto Rican government has already closed down almost 100 schools this year and reconfigured 500 more, as well has having closed down 60 the year prior. I am not sure what else they are expecting. If they expect us to lay off teachers or cut their already-low salaries, they are out of their minds." [The Guardian, 7/28/15]

Money Was Diverted From Highway Infrastructure To Pay Off Debt

Reuters: Garcia Padilla Said That $163 Million In Revenues For Puerto Rico's Highway Authority, Convention Center Authority, And Busing Authority Were Used To Pay For The Island's General Obligation Debt In January 2016. According to Reuters, "Puerto Rico will default for the second time in five months, but will pay the bulk of $1 billion due on Jan. 4, including its most senior debt, Governor Alejandro Garcia Padilla said on Wednesday. The Caribbean island's biggest payment, $328.7 million in general obligation debt, will be paid, the governor told reporters at a press conference in San Juan. […] Padilla said about $163 million of the GO payment came from clawing back revenues from several agencies, including the highway authority, the convention center authority and the island's busing authority." [Reuters, 12/30/15]

HEALTH CARE FINANCING TROUBLE COULD PUT PUERTO RICANS AT RISK

Puerto Rico Faces A Medicaid Funding Cliff As Soon As September 2017

Puerto Rican Health Care Leaders Said That Federal Support For Medicaid On The Island Was Nearing A "Cliff," After Which Funding Would Fall Nearly 75 Percent. According to Morning Consult, "Several Puerto Rican health care leaders urged House Speaker Paul Ryan to include provisions that would correct disparities to the island's Medicare and Medicaid programs in legislation addressing its economic crisis. […] Federal support for Medicaid in Puerto Rico is also nearing a 'cliff,' they say, at which federal funding would fall nearly 75 percent." [Morning Consult, 4/4/16]

Del. Pedro Pierluisi Wrote A Letter In May 2015 To Inform President Obama That Puerto Rico May Reach A "Medicaid Funding 'Cliff'…As Early As September 2017." According to a letter written by Delegate Pedro Pierluisi to President Barack Obama, "Dear Mr. President: I write to respectfully request that the White House convene an inter-agency meeting to discuss the Medicaid funding 'cliff' that Puerto Rico is rapidly approaching and that it could reach as early as September 2017." [Pedro Pierluisi, 5/11/15]

- **The Hill Reported That A "One-Time Influx Of Federal Health Funding" For Puerto Rico From The Affordable Care Act Was "Set To Expire In 2019," But Puerto Rican Officials Said "They Would Run Out Before 2019."** According to The Hill, "Puerto Rico has been helped by a one-time influx of federal health funding from the Affordable Care Act, but those funds are set to expire in 2019, which the administration warns could lead to 600,000 people losing healthcare coverage. In fact, officials said Puerto Rico appears to be burning through the funds at a faster rate, meaning they would run out before 2019." [The Hill, 2/18/16]

Medicaid Overhaul Proposals For The Island By The Obama Administration Have Been Undermined By Congress

New York Times: In October 2015, The Obama Administration Called For "A Medicaid Overhaul In Puerto Rico" That Would Expand Coverage In The Short Term, And "Eventually Remove" The Program's Funding Cap. According to the New York Times, "Looking for a way to help debt-ridden Puerto Rico, administration officials on Wednesday proposed an ambitious — if politically perilous — plan that stops short of a direct federal bailout but that its backers hope is sweeping enough to keep the island from becoming America's Greece. […] The proposal calls for a Medicaid overhaul in Puerto Rico that would expand coverage and access to important services in the short term, and eventually remove a cap that currently applies to the island's Medicaid program. The effect would be more federal dollars for the Medicaid program in Puerto Rico. Administration officials also said they believed Puerto Rico's health care facilities needed to be brought up to standards on the mainland." [New York Times, 10/22/15]

- **NYT: Senators Criticized The Obama Administration's Medicaid Overhaul Proposal For Lacking A Cost Estimate.** According to the New York Times, "Officials from debt-plagued Puerto Rico, hoping for some comfort and sympathy — and even practical advice — from senators at a committee hearing in Washington on Thursday, got little of it. […] During the hearing, senators expressed frustration about the lack of cost estimates for the administration's rescue plan, which would expand federal support for Medicaid and other health care on the island and extend certain tax credits to Puerto Ricans who currently cannot use them." [New York Times, 10/22/15]

The Initial House Discussion Draft Of A Bill Addressing Puerto Rico's Debt Crisis Did Not Include Any Provisions Pertaining To Healthcare. According to Morning Consult, "Several Puerto Rican health care leaders urged House Speaker Paul Ryan to include provisions that would correct disparities to the island's Medicare and Medicaid programs in legislation addressing its economic crisis. 'We are extremely disappointed that the initial House discussion draft has not included any healthcare related provision,' the letter reads." [Morning Consult, 4/4/16]

With Health Care Providers Leaving The Island, The Population Is More Reliant On These Federal Programs

Morning Consult: Several Puerto Rican Health Care Providers "Left The Island, Leaving An Older And Poorer Population That Is More Reliant On Federal Health Programs." According to Morning Consult, "Several Puerto Rican health care leaders urged House Speaker Paul Ryan to include provisions that would correct disparities to the island's Medicare and Medicaid programs in legislation addressing its economic crisis. […] The letter outlines challenges that the territory's health care system faces, including that several Puerto Ricans – including health care providers – have left the island, leaving an older and poorer population that is more reliant on federal health programs." [Morning Consult, 4/4/16]

NPR In March 2016: According To Estimates "At Least One Doctor Leaves Puerto Rico Every Day." According to NPR, "Puerto Rico is losing people. Due to a decade-long recession, more than 50,000 residents leave the U.S. territory each year—most for jobs and new lives on the mainland. This issue is especially affecting healthcare, where it's estimated that at least one doctor leaves Puerto Rico every day." [NPR, 3/12/16]

Hunter College Center For Puerto Rican Studies Director Edwin Melendez: Puerto Ricans "Wait, Sometimes Days, To See Doctors"

Hunter College Center For Puerto Rican Studies Director Edwin Melendez Said That Puerto Ricans "Wait, Sometimes Days, To See Doctors." According to Vice News, "'A lot of people here don't trust the political elite to solve this problem, and they would like to see some kind of control board,' said Edwin Meléndez, director of the Center for Puerto Rican Studies at Hunter College. […] 'The biggest issue right now is the government development bank,' said Mendendez [*sic*]. 'I don't know what the hell they are doing.' Speaking from Puerto Rico, the professor said signs of depression were everywhere. 'You wait, sometimes days, to see doctors,' he said. 'If you drive around, you aren't going to see people in riots, but you will see, especially in the interior, a lot is closed. Commercial spaces and buildings are completely empty because they can't be rented or they couldn't be sold after they were finished, or are abandoned.'" [Vice News, 4/7/16]

THE DEBT CRISIS LEFT PUERTO RICO VULNERABLE TO THE ZIKA VIRUS

The Fiscal Times Reported That Puerto Rico's Debt Crisis "Has Left Puerto Ricans Especially Vulnerable" To The Zika Virus, Since "Many Poor Residents Can't Afford Window Screens, Exposing Them To Almost Constant Bites." According to The Fiscal Times, "The debt crisis has left Puerto Ricans especially vulnerable to Zika. Many poor residents can't afford window screens, exposing them to almost constant bites. The island is also littered with hundreds of abandoned homes with water-collecting birdbaths and pools, perfect mosquito breeding grounds." [Fiscal Times, 3/29/16]

Centers For Disease Control Director Tom Frieden: "There Could Be Hundreds Of Thousands Of Zika Infections In Puerto Rico"

Centers For Disease Control Director Tom Frieden Said "There Could Be Hundreds Of Thousands Of Zika Infections In Puerto Rico." According to The Fiscal Times, "The debt crisis has left Puerto Ricans especially vulnerable to Zika. Many poor residents can't afford window screens, exposing them to almost constant bites. The island is also littered with hundreds of abandoned homes with water-collecting birdbaths and pools, perfect mosquito breeding grounds. 'Before the year is out,' says Tom Frieden, director of the Centers for Disease Control, 'there could be hundreds of thousands of Zika infections in Puerto Rico.'" [Fiscal Times, 3/29/16]

PUERTO RICAN RETIREES PENSIONS AT RISK BECAUSE OF DEBT CRISIS

Puerto Rico's Pension Fund Struggled To Take The Pressures Of The Debt Crisis

SEIU Puerto Rico Director Mairym Ramos: The Puerto Rican Government Reportedly Considered Using Pension Funds To Pay Off Debt Obligations. According to the American Bridge translation of an El Vocero article, "The government of Puerto Rico might have paid for public employee Christmas bonuses using funds from the Sistema de Retiro [retirement system], and plans to do the same to pay $900 million in government debt that is due on January 1 next year. According to local union leaders, this information was given to them by the Service Employees International Union (SEIU), based in Washington, DC., which claims that governor Alejandro Garcia Padilla has told various American lobbies that he paid public employee bonuses with funds from the Sistema de Retiro and that he will do the same to pay the government's debt next year. SEIU Puerto Rico director Mairym Ramos confirmed that in the nation's capital, murmurs are growing that Garcia Padilla said he used part of the pension fund to pay for bonuses, and that he will do the same to meet debt obligations to creditors in January." [El Vocero, 12/22/15]

Puerto Rico's Government Sold Off Assets To Make Pension Payments To Retirees

Retirement System Manager Pedro Ortiz Cortez Said The Government Had Been Selling Assets Only As A Mechanism To Make Pension Payments To Retirees. According to the American Bridge translation of an El Vocero article, "The administrator of the Sistema de Retiro [retirement system], Pedro Ortiz Cortes, confirmed that the government is resorting to the sale of agency assets from 'decades ago,' but he said that they are used exclusively as a mechanism to make pension payments to retirees to compensate for low revenue to nurture the fund." [El Vocero, 12/22/15]

Dark Money Groups Advocated Squeezing Puerto Rico Through Privatization, Deregulation, & Spending Cuts

CATO INSTITUTE

The Cato Institute Advocated Cutting Back Puerto Rico's Government Spending, Limiting Unions, And Deregulation

Rahn: Puerto Rico's "Economic Reforms Need To Be Bold, Such As Radically Reducing The Size Of Government And The Powers Of The Unions, Deregulation, And Fundamental Tax Reform Resulting In A Low Top Rate." According to a blog post by Cato Institute senior fellow Richard Rahn, "The U.S. Congress is now considering creating an oversight board with sufficient powers to deal with the debt and the underlying fiscal problems. […] The intent is for the oversight board to work with the various parties to create a restructuring agreement, fair to all parties and which would not endanger the ability of Puerto Rico to re-enter the credit markets once the necessary reforms are put in place. The economic reforms need to be bold, such as radically reducing the size of government and the powers of the unions, deregulation, and fundamental tax reform resulting in a low top rate. Some critics who think in only static terms will claim that tax rates cannot be reduced given Puerto Rico's debts. The fact is that Puerto Rico will never be able to service its current or future debt if the economy does not revive and grow rapidly." [Cato.org/publications, 3/28/16]

The Cato Institute Was Co-Founded By Charles Koch

The Cato Institute Was Founded By Ed Crane And Charles G. Koch. According to the Cato Institute 25th Annual Report, "When a young California investment manager, Ed Crane, spent 1976 in Washington, he noticed how much influence a few think tanks had despite their relatively small budgets. He thought there ought to be a public policy research organization, or 'think tank,' dedicated to the American principles of liberty and limited government. He was willing to start one, but only if he didn't have to live in Washington. When he returned to San Francisco, he joined the Kansas industrialist Charles G. Koch to set up the Cato Institute, which opened its doors in January 1977." [Cato Institute 25th Annual Report, 2001]

LIBRE INITIATIVE

LIBRE Initiative: Puerto Rico's Government "Needs To Rely On Growing The Private Sector To Lift Themselves Up"

Lima Said The Puerto Rican Government "Needs To Rely On Growing The Private Sector To Lift Themselves Up" From Their Economic Crisis. According to a press release by The LIBRE Initiative, "Jorge Lima, Vice-President of Operations and Policy for The LIBRE Initiative, released the following statement: 'Likewise, the Puerto Rican government needs to rely on growing the private sector to lift themselves up from this crisis. Puerto Rico's challenges are ultimately the result of a problem of growth combined with fiscal mismanagement, and only policies that expand economic freedom offer a permanent solution. It won't be easy or fast, but the first steps must be taken.'" [LIBRE Initiative, 2/12/16]

The LIBRE Initiative Reportedly Received At Least $10 Million From The Koch Brothers

Fox News: The LIBRE Initiative Received A Reported $10 Million In Funding From The Koch Brothers. According to Fox News, "Libre gets much of its funding – reportedly more than $10 million – from the conservative billionaire brothers David and Charles Koch." [Fox News, 9/29/15]

MERCATUS CENTER

Mercatus Center: Support For Puerto Rico Should Be Conditioned On "The Privatization Of At Least Some Of The Commonwealth's Public Corporations"

Joffe: If Republicans Agree To Assist Puerto Rico "They Should Condition This Support On The Privatization Of At Least Some Of The Commonwealth's Public Corporations." According to an op-ed by Mercatus Center contributor Marc Joffe for the Fiscal Times, "If Republicans agree to offer more U.S. taxpayer assistance to Puerto Rico, they should condition this support on the privatization of at least some of the commonwealth's public corporations. Bondholders should also contribute to privatization in Puerto Rico. When a private company goes bankrupt, bondholders often receive equity in a restructured company in lieu of principal and interest. The same model can and should be applied to Puerto Rico's public corporations." [Marc Joffe – Fiscal Times, 3/15/16]

The Koch Brothers Provided The Seed Money For The Mercatus Center In The 80's And The Charles Koch Foundation Funneled More Than $9 Million To The Center In The Decades Since

New Yorker: "In The Mid-Eighties," The Kochs Gave George Mason University Millions Of Dollars To Start The Mercatus Center. According to the New Yorker, "In the mid-eighties, the Kochs provided millions of dollars to George Mason University, in Arlington, Virginia, to set up another think tank. Now known as the Mercatus Center, it promotes itself as 'the world's premier university source for market-oriented ideas—bridging the gap between academic ideas and real-world problems'" [New Yorker, 8/30/10]

The Mercatus Center Received $9,085,500 From The Charles G. Koch Charitable Foundation Between 2002 And 2012. According to Charles G. Koch Charitable Foundation tax documents, the organization granted $9,085,500 to the Mercatus Center between 2002 and 2012. [Charles G. Koch Charitable Foundation IRS Forms 990 via Conservative Transparency, accessed 2/23/16]

NATIONAL TAXPAYERS UNION

National Taxpayers Union: A Long-Term Solution For Puerto Rico Could Include Strengthening Balanced Budget Requirements, Tax Reform, And Cutting "Job-Killing Regulations"

The National Taxpayers Union Advocated For Strengthening Balanced Budget Requirements, Tax Reform, And Cutting "Local Job-Killing Regulations" As A Long Term Solution For Puerto Rico's Crisis. According to the National Taxpayers Union, "Live by or Reform Your Balanced Budget Requirement: Officials are already required to pass a balanced budget (seems funny, right?). The Puerto Rican Constitution says that 'the appropriations made for any fiscal year shall not exceed the total revenues estimated for that fiscal year … .' The legislature is obligated to do this but it is up to the Governor to do as he or she sees fit to the final law. It's clear that the current rules are not working so it would do taxpayers well to shore up BBA requirements and make deficits a thing of the past. […]Grow Your Tax Base: Inc., a small business and entrepreneurial magazine, posted an AP article detailing how Puerto Rico's tax environment is not entirely a mess. The island is attracting investment professionals because it does not tax capital gains. Coupled with the lack of federal income taxes (except for withholdings), the policy has netted 500 individuals who specifically voted with their feet in favor of the smaller tax burden. If the government could fix its current tax woes and cut local job-killing regulations, more mainlanders would choose to move there." [National Taxpayers Union, 2/18/15]

The National Taxpayers Union Received Over $1 Million From Koch-Backed DonorsTrust And Donors Capital Fund Since 2006

The National Taxpayers Union Foundation Received A Total Of $713,000 From Donors Capital Fund Between 2007 And 2010, And $524,450 From DonorsTrust Between 2006 And 2010. [Donors Capital Fund IRS Forms 990 via Conservative Transparency, accessed 4/12/16; DonorsTrust IRS Forms 990 via Conservative Transparency, accessed 4/12/16]

The National Taxpayers Union Was Also Listed As A "Partner Organization" Of The Charles Koch Institute

As Of April 2016, The National Taxpayers Union Foundation Was Listed As A "Partner Organization" Of The Charles Koch Institute. According to the Charles Koch Institute, "Partner Organizations: […] National Taxpayers Union Foundation" [Charles Koch Institute, accessed 4/12/16]

CENTER FOR INDIVIDUAL FREEDOM

__Center For Individual Freedom: Puerto Rico Should "Trim Spending And Taxes, Stand Up To Unions And Undertake Badly-Needed Fiscal, Governance And Economic Reforms"__

Center For Individual Freedom: Puerto Rico Should "Do The Right Thing" And "Trim Spending And Taxes, Stand Up To Unions And Undertake Badly-Needed Fiscal, Governance And Economic Reforms." According to a Center for Individual Freedom press release, "American taxpayers should not be saddled with yet another bailout and force Americans saving for retirement to take a financial hit. Instead, Congressional Republicans should guide Puerto Rico into doing the right thing: trim spending and taxes, stand up to unions and undertake badly-needed fiscal, governance and economic reforms. The time is right for a Congressional control board." [Center for Individual Freedom Press Release, 7/1/15]

The Center For Individual Freedom Spent At Least $200,000 On An Ad In The Washington, D.C. Market Opposing Draft Legislation That Would Allow Puerto Rico To Restructure Its Debt Obligations

Sunlight Foundation: The Center For Individual Freedom Purchased "At Least $200,000 In Ads In The Washington, D.C., Market" To Oppose What It Called "Super Chapter 9" Bankruptcy For Puerto Rico. According to the Sunlight Foundation, "According to Sunlight Foundation's Political Ad Sleuth tool, a 501(c)(4) dark money group called the Center for Individual Freedom (CFIF) has purchased at least $200,000 in ads in the Washington, D.C., market, an attempt to influence lawmakers crafting economic legislation to assist Puerto Rico's dire financial situation. […] In a press release, CFIF says it opposes the draft legislation and plans to run a national ad campaign opposing what it calls 'Super Chapter 9' bankruptcy." [Sunlight Foundation, 4/6/16]

- **CFIF Senior Vice President Timothy Lee: Draft Legislation Released By The House Natural Resources Committee Amounted To "An Even More Dangerous Version Of The Obama Administration's Unprecedented Super Chapter 9 Proposal."** According to a Center for Individual Freedom press release, "The Center for Individual Freedom (CFIF) today announced a national media campaign in opposition to the 'Super Chapter 9' bankruptcy legislation for Puerto Rico, which was recently released by the Committee on Natural Resources in the U.S. House of Representatives. 'We are deeply concerned about this draft legislation,' said Timothy Lee, CFIF's Senior Vice President of Legal and Public Affairs. 'As written, it is an even more dangerous version of the Obama Administration's unprecedented Super Chapter 9 proposal, and amounts to a bailout of Puerto Rico on the backs of American savers and retirees. We want to make sure that every American knows of the disastrous and far-reaching implications of this bill.'" [Center for Individual Freedom Press Release, 4/3/16]

__The Center For Individual Freedom Received $25,000 From Koch-Backed American Encore__

The Center For Individual Rights Received $25,000 From American Encore In 2014. [American Encore 2014 IRS Form 990, 11/15/15]

- **ProPublica: American Encore, Formerly Known As The Center To Protect Patient Rights, "Handed Out Almost $137 Million In 2012 Alone" To Koch Network Groups.** According to ProPublica, "Plucked from obscurity by libertarian billionaire brothers Charles and David Koch, Noble was tasked with distributing a torrent of political money raised by the Koch network, a complex web of nonprofits nicknamed the Kochtopus, into conservative causes in the 2010 and 2012 elections. Noble handed out almost $137 million in 2012 alone -- all of it so-called dark money from unnamed donors -- from his perch atop the Center to Protect Patient Rights, a group run out of an Arizona post office box. […] The watchdog group Citizens for Responsibility and Ethics in Washington, or CREW, filed complaints May 7 with the FBI and the IRS against Sean Noble and the Center to Protect Patient Rights, which at some point in recent months changed its name to American Encore." [ProPublica, 5/7/14]

KOCH-BACKED DARK MONEY GROUPS HAVE JOINED FORCES TO ADVOCATE FOR ISSUES IMPORTANT TO THE KOCH NETWORK BEFORE

Salt Lake Tribune: The Center For Individual Freedom, The LIBRE Initiative, And The National Taxpayers Union Joined 18 Other Organizations To Write A Letter To Congress In Opposition Of "Moves To Collect Online Sales Tax." According to the Salt Lake Tribune, "A Who's Who of national conservative groups is opposing efforts in the Utah

Legislature to collect sales tax for online purchases. A coalition of 21 groups — including Americans for Prosperity, Americans for Tax Reform, FreedomWorks and the National Taxpayers Union — wrote to legislators on Wednesday to oppose SB65 and other expected moves to collect online sales tax. […] Other groups that joined in the letter opposing collecting online sales tax include: the Jeffersonian Project, R Street Initiative, American Council for Capital Formation, American Encore, Americans for Constitutional Liberty, Center for Individual Freedom, Coalition Opposed to Additional Spending and Taxes, Competitive Enterprise Institute, Digital Liberty, Federalism in Action, Frontiers of Freedom, Generation Opportunity, Hispanic Leadership Fund, Less Government, the LIBRE Initiative, Taxpayers Protection Alliance and the Tea Party Nation." [Salt Lake Tribune, 1/28/16]

The Center For Individual Freedom And The National Taxpayers Union Joined 13 Other Organizations To Send Letter To Congress Advocating For The Implementation Of A "Regulatory Budget To Address The Cost of Federal Regulations." According to a letter written by the Competitive Enterprise Institute addressed to members of Congress, "On behalf of the undersigned organizations and our members, we call on Congress to implement a regulatory budget to address the cost of federal regulations, which frequently have an effect similar to tax increases. Like federal spending, regulations and their costs should be capped, tracked and disclosed annually. […] Sincerely, Competitive Enterprise Institute[;] American Commitment[;] Americans for Tax Reform[;] Campaign for Liberty[;] Center for Individual Freedom[;] Center for Regulatory Effectiveness[;] Citizens Against Government Waste[;] FreedomWorks[;] Frontiers of Freedom[;] Log Cabin Republicans[;] Main Street Growth Project[;] National Taxpayers Union[;] R Street Institute[;] Small Business & Entrepreneurship Council[;] Taxpayers Protection Alliance" [Competitive Enterprise Institute, 3/30/16]

Koch Front Group Main Street Bondholders Pushed Wall Street's Agenda On Puerto Ricans

MAIN STREET BONDHOLDERS IS A KOCH BACKED FRONT GROUP

60 Plus Created The "Main Street Bondholders Coalition" To Advocate For Puerto Rico Bond Holders

In August Of 2015, 60 Plus Announced The Formation Of A Coalition For "Small Bondholders" Who Hold Puerto Rican Bonds Called "Main Street Bondholders." According to the 60 Plus Association, "The 60 Plus Association announced the formation of 'Main Street Bondholders,' a new small bondholder coalition made up of ordinary investors from Puerto Rico and the United States mainland who hold retirement, college and life savings in Puerto Rican bonds. These investments are threatened by Governor Alejandro Garcia Padilla's recent statements that he would refuse to honor Puerto Rico's debts." [60 Plus Association, 8/31/15]

60 Plus Is "A Key Node" In The Koch Brothers' Network

"The 60 Plus Association" Is "A Key Node Of The Koch Brothers Political Network." According to an article in the Washington Post, "The 60 Plus Association, a key node of the Koch Brothers political network, which reportedly plans to spend upwards of $1 billion on 2016, opposes Chapter 9 as a federal handout." [Washington Post, 7/6/15]

MAIN STREET BONDHOLDERS CLAIM THEY ADVOCATED FOR PUERTO RICANS, ACTUALLY PROTECTED BIG MONEY ANONYMOUS DONORS

New York Times: Main Street Bondholders "Cast The Victims Of A Bankruptcy As Ordinary Puerto Ricans And Retirees Who Owned Government-Issued Bonds." According to The New York Times, "This fall, a conservative group called the 60 Plus Association, based in Alexandria, Va., unleashed a wide-ranging media and lobbying effort against a restructuring and Governor García Padilla, whom it accused of "manufacturing a crisis" and trying to "extort" money from Congress. The group cast the victims of a bankruptcy as ordinary Puerto Ricans and retirees who owned government-issued bonds. In November, 60 Plus recruited a group of these individuals, calling them 'Main Street Bondholders,' for a news conference in San Juan." [The New York Times, 12/9/15]

New York Times: Main Street Bondholders Got Most Of Its Money From "A Few Large, Anonymous Contributions." According to The New York Times, "Exactly who the group was speaking for was unclear. Puerto Ricans own less than a fifth of the island's debt, according to government officials. And while 60 Plus claims to represent millions of seniors, most of the group's revenue comes from a few large, anonymous contributions, according to its most recent tax return." [The New York Times, 12/9/15]

Puerto Ricans Own Less Than One Fifth Of The Islands Debt. According to The New York Times, "Exactly who the group was speaking for was unclear. Puerto Ricans own less than a fifth of the island's debt, according to government officials. And while 60 Plus claims to represent millions of seniors, most of the group's revenue comes from a few large, anonymous contributions, according to its most recent tax return." [The New York Times, 12/9/15]

60 Plus Was Recruited To Represent Bondholders Because They Specialize In Astroturfing

60 Plus Was Recruited By A Republican Public Relations Firm "That Specializes In 'Astroturfing'" To Represent Bondholders. According to The New York Times, "Two Republicans briefed on the arrangement said 60 Plus had been recruited by the DCI Group, a Republican public relations firm that specializes in 'AstroTurfing' — orchestrated lobbying campaigns designed to look like grass-roots efforts. DCI's clients include the hedge fund BlueMountain Capital, which has been one of the most aggressive opponents of federal intervention in Puerto Rico. DCI declined to comment. Asked about the arrangement, Mr. Kandrach responded: 'When it helps us better serve and represent our seniors, we are proud to partner with firms such as DCI who offer valuable logistical support to getting our message out.'" [The New York Times, 12/9/15]

MAIN STREET BONDHOLDERS RAN A NATIONAL AD CAMPAIGN AGAINST PUERTO RICO'S RESTRUCTURING PLANS

Main Street Bondholders Launched An Ad Campaign Focusing On Puerto Rico's "Restructuring Plan" To Run In "Various Outlets In Washington, D.C. And New York, NY, Including The Wall Street Journal, The Hill And Politico." According to PR Newswire, "Tomorrow, Main Street Bondholders launches a new advertising campaign exposing the Obama Administration's radical restructuring plan for Puerto Rico headed by Treasury Secretary Antonio Weiss, which would harm the ability of states to borrow. The campaign will run throughout the week in various outlets in Washington, D.C. and New York, NY, including the Wall Street Journal, The Hill and Politico. 'Antonio Weiss' reckless 'Super Territories Restructuring' plan is unprecedented and will raise borrowing costs for states,' said 60 Plus Association Vice-President Matthew Kandrach. As the advertisement points out, several governors also voiced concern over the imminent threat posed by the Treasury's 'Super Territory Restructuring' through a join letter to Speaker Paul Ryan and Majority Leader Mitch McConnell. 'Of most concern to us as governors, granting Puerto Rico such unprecedented bankruptcy authority would likely raise the borrowing costs of our states, reducing our ability to invest in vital services and eroding investor confidence in the whole notion of full faith and credit debt,' said Governors Bentley (AL), Ducey (AZ), LePage (ME,) Ricketts (NE), Martinez (NM) and Daugaard (SD)." [PR Newswire, 3/7/16]

Main Street Bondholders Also Ran A Radio Campaign In Puerto Rico That Opposed The Governor's Handling Of The Debt Crises

Main Street Bondholders Coalition Launched "A Print Ad Campaign In Politico And A Radio Campaign In Puerto Rico" That Opposed Governor Garcia Padilla's Handling Of The Debt Crises. According to a Main Street Bondholders Coalition press release, "Main Street Bondholders Coalition, a project of the 60 Plus Association, America's largest center-right seniors organization representing more than 7.2 million older Americans, today launches a print ad campaign in Politico and a radio campaign in Puerto Rico to highlight Governor Alejandro Garcia Padilla's effort to violate Puerto Rico's constitution and destroy the credibility of the Puerto Rican people." [Main Street Bondholders Coalition Press Release, 9/15/15]

MAIN STREET BONDHOLDER'S ADS FEATURED THE MESSAGE THAT PUERTO RICO'S GOVERNOR WAS ATTACKING BONDHOLDERS

A Politico Ad By Main Street Bondholders Asked "Governor Alejandro Garcia Padilla To Stop The Attacks Against Puerto Rican Bondholders." According to a Mainstreet Bondholders press release, "Main Street Bondholders Coalition, a project of the 60 Plus Association, America's largest center-right seniors organization representing more than 7.2 million older Americans, today launches a new print advertising campaign in Washington and Puerto Rico. The ad, which coincides with the U.S. Senate Finance Committee hearing looking into Puerto Rico, asks Governor Alejandro Garcia Padilla to stop the attacks against Puerto Rican bondholders. 'Governor Alejandro Garcia Padilla has reached a new low is his campaign to stiff retirees and pensioners; he's attacking his fellow Puerto Ricans, and blaming them for his failed policies. What's worse, he's even called them 'vultures.' They're not vultures, they're American citizens who placed their trust and life savings in Puerto Rico,' said Matthew Kandrach, Vice-President for 60 Plus. The newspaper ad features Dr. Elias Gutierrez, a renowned Puerto Rican economist, and George Mark, a retired architect – both Puerto Rican bondholders – who have seen their retirement savings shattered by the Governor's actions."

[Main Street Bondholders Press Release, 9/29/15]

A Politico Ad By Main Street Bondholders Criticized Governor Alejandro Garcia Padilla's Plan To Manage Puerto Rico's Default As An Unjust And Unconstitutional Attack On Bondholders. According to a Main Street Bondholder press release, "Main Street Bondholders Coalition, a project of the 60 Plus Association, America's largest center-right seniors organization representing more than 7.2 million older Americans, today launches a print ad campaign in Politico and a radio campaign in Puerto Rico to highlight Governor Alejandro Garcia Padilla's effort to violate Puerto Rico's constitution and destroy the credibility of the Puerto Rican people. "We are launching the ads to provide a voice for the thousands of Puerto Ricans who trusted the Puerto Ricans Government under Governor Garcia Padilla. His plan to violate Puerto Rico's Constitution by refusing to pay bondholders and calling them 'vultures' is both unjust and unconstitutional," said Matthew Kandrach, Vice-President for 60 Plus […] The Politico ad focuses on the Governor's "Fiscal Adjustment Plan," which lacks seriousness and sets up a false choice for policymakers: Either let him stiff creditors or face a disorderly default."

[Main Street Bondholders Press Release, 9/15/15]

MAIN STREET BONDHOLDERS ADVOCATED FOR PUERTO RICO TO CUT GOVERNMENT SPENDING TO GET AT THE ROOT OF THE DEBT CRISIS

Main Street Bondholders: The Root Of Puerto Rico's Problem Was Spending And Rather Than Cutting It, Governor Padilla-Garcia Was Spending More, Avoiding Debt And Demonizing Bondholders As "Vultures." According to Main Street Bondholders, "Puerto Rico has a spending problem, and to get on track, the island must address its finances first. Puerto Rico's situation is fixable, and to address its current challenges, the island must enact meaningful fiscal reform which attacks the root problem – spending. Rather than enacting this needed reform, Governor Padilla-Garcia spends more, pushes laws aimed at debt avoidance, and demonizes bondholders by referring to them as 'vultures.'" [Main Street Bondholders, Accessed 11/5/15]

Hedge Funds Have Exploited Puerto Rico's Economic Crisis For Profit

HEDGE FUNDS MOVED INTO PUERTO RICO'S CRISIS TO PROFIT FROM THE ISLAND

"Hedge Funds And Billionaire Hedge Fund Managers Have Swooped Into Puerto Rico During A Fast-Moving Economic Crisis To Prey On The Vulnerable Island… At The Same Time, They Are Also Using The Island As A Tax Haven." According to Hedge Clippers, "Hedge funds and billionaire hedge fund managers have swooped into Puerto Rico during a fast-moving economic crisis to prey on the vulnerable island. Several groups of hedge funds and billionaire hedge fund managers have bought up large chunks of Puerto Rican debt at discounts, pushed the island to borrow more, and are driving towards devastating austerity measures. At the same time, they are also using the island as a tax haven." [Hedge Clippers, 7/10/15]

<u>Hedge Funds Own Almost 50% Of Puerto Rico's Debt</u>

Forbes: Hedge Funds Own Nearly 50% Of Puerto Rico's Debt. According to Fortune, "Hedge funds have been criticized recently for becoming too risk-averse. That's the reason some have said they have generally underperformed the market up until recently. But it's also the reason that those people have argued they make good investments for pension funds, despite the underperformance. Yet, hedge funds reportedly own nearly 50% of Puerto Rico's debt. That investment looks far from risk-free right now." [Fortune, 6/29/15]

HEDGE FUNDS USE THEIR POSITION TO PRESSURE PUERTO RICO TO TAKE ON MORE DEBT AND FURTHER THEIR PROFITS

Hedge Funds Pressured "Puerto Rico To Take On More Debt At Extremely Favorable Terms For Creditors." According to Hedge Clippers, "Hedge fund billionaires have pressured Puerto Rico to take on more debt at extremely favorable terms for creditors and are driving towards austerity measures that put creditor interests above human needs" [Hedge Clippers, 7/10/15]

"The Spoils They Ultimately Seek Are Not Just Bond Payments, But Structural Reforms And Privatization Schemes That Give Them Extraordinary Wealth And Power – At The Expense Of Everyone Else." According to Hedge Clippers: "The spoils they ultimately seek are not just bond payments, but structural reforms and privatization schemes that give them extraordinary wealth and power – at the expense of everyone else." [Hedge Clippers, 7/10/15]

TWO HEDGE FUND GROUPS FORMED – THE AD HOC GROUP AND THE PREPA – TO EXERT INFLUENCE ON PUERTO RICO'S ECONOMY

Two Hedge Fund Groups Formed To Exert Power Over Puerto Rico: The Ad Hoc Group And The PREPA Group. According to Hedge Clippers, "Two major hedge fund groups have formed, essentially pooling their assets to exert extraordinary power over the island – even as many members remain anonymous and unnamed. One, the Ad Hoc Group, reportedly represents 35 investors with $4.5 billion worth of tax-free bonds, or roughly ten percent of the total.[9] Another, the PREPA ad hoc group, represents Puerto Rico Electric Power Authority (PREPA) bondholders, and has entered into various agreements with PREPA. Both are referred to in the press as Ad Hoc Groups, but in this case for the sake of clarity we refer to the first group as the Ad Hoc Group, and the second as the PREPA Group." [Hedge Clippers, 7/10/15]

- **The Ad Hoc Group Encouraged "Puerto Rico To Take On More Debt At Extremely Generous Terms For Creditors" And Threatened Legal Action Against Restructuring.** According to Hedge Clippers, "For one, the Ad Hoc Group has pushed Puerto Rico to take on more debt at extremely generous terms for creditors. In April 2015, they proposed backstopping the island's proposed $3 billion debt issuance, but only if it was made 'bulletproof' in a way that protected creditor interests.[12] They requested 'acceleration rights,' for instance, which would mean that the entire amount would be due if the government defaulted. They also proposed requiring the government to hold proceeds from the debt in escrow in case proposed tax reform was not enacted in advance of the issuance – essentially using their participation in the debt deal as leverage for securing austerity measures. They have also been threatening legal action in the event of a restructuring. The Ad Hoc Group hired a law firm, Robbins, Russell, Englert, Orseck, Untereiner & Sauber, which argued a successful case before the reme Court that required Argentina to pay its hedge fund creditors.[13]" [Hedge Clippers, 7/10/15]

- **The PREPA Group Filed A Successful Lawsuit Against The Puerto Rico Public Corporation Debt And Recovery Act (PCDERA) Which Would Have Allowed Public Corporations To Restructure Their Debt.** According to Hedge Clippers, "The PREPA Group adopted a more litigious strategy early on, when it filed a successful suit in response to the passage of the Puerto Rico Public Corporation Debt Enforcement and Recovery Act (PCDERA), a law that would allow public corporations such as PREPA to restructure their debt, giving Puerto Rico more influence in negotiations with creditors.[14]" [Hedge Clippers, 7/10/15]

THE HEDGE FUNDS INVOLVED IN PUERTO RICO'S DEBT CRISIS

Angelo Gordon

Angelo Gordon Was A Member Of The PREPA Credit Group. According to Hedge Clippers, "Vulture activity in Puerto Rico: Angelo Gordon, the private investment firm, which boasts more $38 billion in regulatory assets under management, is making a big bet on Puerto Rico.[102] It is a member of the PREPA creditor group.[103]" [Hedge Clippers, 7/10/15]

BlueMountain Capital Management

"BlueMountain Capital Management, Which Owns $400 Million In PREPA Bonds And Is A Member Of The PREPA Bondholder Group, [21] Has Played A Prominent And Aggressive Role In Extracting Profit From The Puerto Rican Crisis." According to Hedge Clippers, "Vulture activity in Puerto Rico: BlueMountain Capital Management, which owns $400 million in PREPA bonds and is a member of the PREPA bondholder group, [21] has played a prominent and aggressive role in extracting profit from the Puerto Rican crisis." [Hedge Clippers, 7/10/15]

Brigade Capital Management

Brigade Capital Management Sued Puerto Rico Over Their Bond Investments. According to Fortune, "Creditors of Puerto Rico's Government Development Bank on Monday sued to stop it from distributing money to creditors in what they call 'preferential transfers' ahead of the GDB's May 1 debt payment that Puerto Rico's governor says may not be payable. Hedge funds including Brigade Capital Management and Claren Road Asset Management, which hold some of GDB's $3.75 billion in debt, asked a federal court in San Juan, Puerto Rico, to bar municipalities, public entities and other depositors from removing their money, to prevent a run on the bank." [Fortune, 4/5/16]

Citadel Investment Group

June 2015: Kenneth Griffin Owned 5,792,147 Shares Of Popular, Inc. Worth 5.6% Of The Company. According to Popular, Inc. & Ken Griffin's Citadel Advisers Schedule 13G filed with the SEC, "Citadel GP LLC and Kenneth Griffin (a) CGP and Griffin may be deemed to beneficially own 5,792,147 shares of common stock. (b) The number of shares CGP and Griffin may be deemed to beneficially own constitutes approximately 5.6% of the common stock outstanding." [Popular, Inc. & Ken Griffin's Citadel Advisers Schedule 13G, 6/5/15]

- **Popular Incorporated Was A Financial Holding Company Containing Banco Popular De Puerto Rico (BPPR) And Banco Popular North America (BPNA).** According to Reuters, "Popular, Inc. (Popular), incorporated on November 20, 1984, is a financial holding company. The Company operates in two segments: Banco Popular de Puerto Rico (BPPR) and Banco Popular North America (BPNA)." [Reuters, Accessed 11/16/15]

- **Kenneth Griffin Was The Founder And Chief Executive Officer Of Citadel.** [Citadel, Accessed 11/5/15]

Ken Griffin Was A Koch Donor

Mother Jones Identified Ken Griffin As A Koch Donor. According to Mother Jones, "But last week, following the Kochs' first donor gathering of 2014, one attendee left behind a sensitive document at the Renaissance Esmeralda resort outside of Palm Springs, California, where the Kochs and their comrades had spent three days focused on winning the 2014 midterm elections and more. The document lists VIP donors—including John Schnatter, the founder of the Papa John's pizza chain—

who were scheduled for one-on-one meetings with representatives of the political, corporate, and philanthropic wings of Kochworld. […] DONORS […]Ken Griffin: A major conservative donor, the Chicago-based businessman founded the hedge fund Citadel and is worth an estimated $4.4 billion." [Mother Jones, 2/5/14]

- **Ken Griffin Attended The January/February 2014 Palm Springs Koch Brothers Donor Summit.** According to Mother Jones, "Other heavy hitters slated for meetings with the Koch brothers or their representatives included Carl Berg, a Silicon Valley real estate tycoon worth $1.1 billion; Ken Griffin, who founded the hedge fund Citadel and clocks in at No. 103 on the Forbes 400 (net worth, $4.4 billion); John W. Childs, a top private-equity investor; and Fred Klipsch, the chairman of the headphone and speaker company Klipsch Group." [Mother Jones, 2/5/14]

Claren Road Asset Management

Claren Road Asset Management Sued Puerto Rico Over Their Bond Investments. According to Fortune, "Creditors of Puerto Rico's Government Development Bank on Monday sued to stop it from distributing money to creditors in what they call 'preferential transfers' ahead of the GDB's May 1 debt payment that Puerto Rico's governor says may not be payable. Hedge funds including Brigade Capital Management and Claren Road Asset Management, which hold some of GDB's $3.75 billion in debt, asked a federal court in San Juan, Puerto Rico, to bar municipalities, public entities and other depositors from removing their money, to prevent a run on the bank." [Fortune, 4/5/16]

D.E. Shaw Group

D.E. Shaw Group Was A Member Of The PREPA Credit Group. According to CNBC, "The other investor alliance is holders of bonds from the Puerto Rico Electric Power Authority, or PREPA. Also called an ad hoc group, it includes hedge funds Knighthead Capital Management, Marathon Asset Management, Goldman Sachs Asset Management, D.E. Shaw Group, BlueMountain Capital Management, Angelo, Gordon & Co. and large mutual fund investors Franklin Templeton and OppenheimerFunds." [CNBC, 6/30/15]

Goldman Sachs Asset Management

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Knighthead Capital Management

Knighthead Capital Management Was A Member Of The PREPA Credit Group. According to CNBC, "The other investor alliance is holders of bonds from the Puerto Rico Electric Power Authority, or PREPA. Also called an ad hoc group, it includes hedge funds Knighthead Capital Management, Marathon Asset Management, Goldman Sachs Asset Management, D.E. Shaw Group, BlueMountain Capital Management, Angelo, Gordon & Co. and large mutual fund investors Franklin Templeton and OppenheimerFunds." [CNBC, 6/30/15]

Marathon Asset Management

Marathon Asset Management's CEO Called Their Investment In Puerto Rico's Debts "One Of The Best Ideas That We Have In Our Fund." According to Bloomberg, "Marathon Asset Management's chief executive officer said debt of Puerto Rico's public power utility is among the distressed-debt firm's best investments. 'We think it's a very high rate of return for Prepa,' Bruce Richards, head of the hedge-fund firm that manages about $12 billion, said in an interview on Bloomberg Television at the SkyBridge Alternatives Conference in Las Vegas. 'It's one of the best ideas that we have in our fund.'" [Bloomberg, 5/6/15]