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Puerto Rico Debt Plan Leaves Investors With a Choice: Lose Money or Fight

If a plan to restructure \$35 billion of Puerto Rico's bonds is approved, investors who own nearly \$6.3 billion of debt will have a tough choice: Taking a haircut, or spending time and money on litigation against the Commonwealth.

The plan, released Sunday, is the result of three months of negotiations between the federal board overseeing Puerto Rico's bankruptcy and investors who hold about \$3 billion of its bonds. The board expects to file the plan with the bankruptcy court within 30 days.

If creditors and the judge approve the plan, it would reduce the cost of the island's debt by 46% over the next three decades, including the cost of servicing its sales-tax bonds.

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