

Bond Case Briefs

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Puerto Rico Bankruptcy Clash Hits Pivotal Point at Supreme Court.

- **Justices to hear arguments on whether board properly appointed**
- **Bondholders seeking to undo board's work to get a better deal**

The U.S. Supreme Court is poised to consider a challenge to the oversight board responsible for pulling Puerto Rico out of its record bankruptcy, hearing a case that could mean a new phase of uncertainty for an island still recovering from a devastating 2017 hurricane.

The high court will hear arguments Tuesday from bondholders who say the seven members of the Financial Oversight and Management Board were appointed in violation of the Constitution because they weren't confirmed by the U.S. Senate. The bondholders, led by Aurelius Investment LLC, are seeking to unravel much of the board's work and eventually get more for their stakes than the oversight panel is offering.

The argument takes place less than three weeks after the board filed its plan with a federal bankruptcy court for restructuring \$35 billion in debt and other liabilities. The proposal would cut that sum, which includes \$17.8 billion in commonwealth-guaranteed debt, by 65% to \$12 billion. It would also address a pension system that owes current and future retirees \$50 billion.

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