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A Reasonable Proposal: How U.S. Law Allows Puerto Rico's Legal Bills To Flourish

The Commonwealth of Puerto Rico was once known mostly for tourism, but is now recognizable for turmoil. The U.S. territory has been ravaged by natural disaster and political chaos, all while becoming the test case on how to free a financially overburdened municipality from its crushing debt load.

As Puerto Rico navigates through the first court-supervised public debt restructuring of its kind, one of the most watched aspects of its bankruptcy-style case is the amount of money earmarked to pay the professionals tasked with providing the island with advice. Having already run up a \$400 million tab, current estimates predict the total bill for lawyers and advisors in the case to reach \$1.5 billion through 2024.

For comparison, professional fees in the 2008 collapse of Lehman Brothers – a storied global financial institution that once had more than \$600 billion in assets – amounted to \$1.9 billion over four years to sort out the largest corporate bankruptcy filing in American history. In the municipal world, Detroit previously held the title of most expensive restructuring, spending \$177.9 million in legal and advisory fees to turn its finances around.

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Forbes

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Oct 29, 2019

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