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Assured Guaranty Drops Most in 22 Months on Puerto Rico Tax Fail.

Assured Guaranty Ltd. fell the most since June 2013 after the Puerto Rico House of Representatives rejected a tax-overhaul bill that would have paved the way for a \$2.9 billion debt sale needed to avert a cash crunch.

Assured Guaranty shares plunged 4.3 percent to close at \$25.99 at 4 p.m. in New York, the lowest price since March 27. The Bermuda-based bond insurer's subsidiaries Assured Guaranty Municipal Corp. and Assured Guaranty Corp. backed a combined \$3.6 billion of Puerto Rico obligations as of Dec. 31, company filings show.

The odds of Puerto Rico defaulting on general obligations increased to 50 percent after lawmakers struck down the bill championed by Governor Alejandro Garcia Padilla, according to Daniel Hanson, an analyst at broker-dealer Height Securities. Bond investors agreed on the increased risk, with debt maturing in July 2035 trading Thursday at the lowest price since it was issued in March 2014, data compiled by Bloomberg show.

The Caribbean island and its agencies have \$73 billion of bonds, whose interest is tax-exempt nationwide and which are held by mutual funds, hedge funds and individuals.

Shares of MBIA Inc., whose subsidiary National Public Finance Guarantee Corp. also insures Puerto Rico debt, fell 4.5 percent to close at \$8.75, the lowest since March 27.

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