

Bond Case Briefs

Municipal Finance Law Since 1971

U.S. Senator Asks SEC to Examine Puerto Rico Debt Negotiations.

A top ranking Republican U.S. Senator wants the Securities and Exchange Commission to examine the U.S. Treasury Department's possible involvement in creditor negotiations over restructuring of Puerto Rico debt.

Senator Orrin Hatch, the head of the finance committee, is asking the SEC to investigate the information shared between some investors, Puerto Rico and U.S. government officials about the island's fiscal state. He also requested the agency look into any potential illegal activity by brokers, advisers or underwriters.

Hatch asked in a June 23 letter to SEC Chair Mary Jo White that the agency investigate "whether information asymmetries, including asymmetries between public investors and government officials of Puerto Rico and the U.S. government have led to acts, actions and activities in violation of laws designed to protect investors and the integrity of the municipal debt market."

Judith Burns, a spokeswoman at the SEC, declined to comment.

The letter is the latest request to the regulatory agency to examine Puerto Rico's securities. Seven Democratic senators, the AFL-CIO and New York City Council Speaker Melissa Mark-Viverito have all urged the SEC to look into the island's debt.

Puerto Rico pushed a record amount of its bonds toward default by declaring on Thursday a moratorium on debt payments, after President Barack Obama signed a law shielding the commonwealth from investor lawsuits.

Bloomberg Business

by Michelle Kaske

June 30, 2016 — 3:51 PM PDT