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Puerto Rico's Legacy Bondholders Claim Priority.

General obligation bondholders splinter as Puerto Rico heads toward next debt restructuring

Hedge funds that own Puerto Rico general obligation bonds are fracturing into competing groups as they jockey for priority in the U.S. territory's financial restructuring.

Monarch Alternative Capital LP, GoldenTree Asset Management LP and Whitebox Advisors LLC have formed a committee to differentiate themselves from other general obligation bondholders whose claims are in dispute, according to court records filed Tuesday.

The committee's formation is partly a reaction to Puerto Rico's financial overseers, who are taking steps to favor some general obligations over others. Last month the oversight board running Puerto Rico's bankruptcy questioned the validity of \$6 billion in general obligations, saying they layered more debt on the territory than its constitution allows.

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by Andrew Scurria

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